The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

China's Own Strength Is the Key, But Soviets May Join Shortly

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THE CHINA WEEKLY REVIEW

J. B. POWELL—EDITOR and PUBLISHER

160 AVENUE EDWARD VII.—SHANGHAI

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China

Volume 83 | Shanghai, China, Saturday, January 15, 1938 | Number 7

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; FRANK GAPP, Assistant and Financial Editor; TRYPHON V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

CHINESE YOUNG MEN WITHOUT JOBS SHOULD GO SOUTH OR WEST

THERE are hundreds of Chinese young men residing in the foreign Settlements at Shanghai, many of them with modern educations obtained in China or abroad, who are not occupied at present in jobs which might be regarded as "essential." In numerous instances the businesses with which they were connected have been closed because of the war situation. Instead of remaining in Shanghai where no useful work is available, these young men should "go south or west." We quote the phrase because this was the advice once given to American youths who resided on the Atlantic seaboard. They were advised to "go west," and assist in the development of the country, most of which at that time was a primitive wilderness.

The idea that Chinese young men in Shanghai should go to the interior provinces of the South, Southwest and West was suggested to us by one of these young men, a particularly serious and energetic youth, who stated that he had organized a party consisting of six who were departing immediately for the Southwest with the object of finding some work that might contribute toward the general good in the present emergency. One member of the party is a chemist, others were skilled in other lines. All hoped to find useful work of temporary or permanent nature that would help the nation.

None of these young men knew in advance what his work might be but all of them knew that there are roads to be built, food crops to be raised, factories to be opened and operated, merchandise to be transported, communication services to be established.

These young men were enthusiastic about the prospect of getting away from what they had come to regard as a "useless existence" in the foreign settlements where the activities of Chinese residents were becoming more and more restricted and where opportunities for useful work were strictly limited. Fortunately these youths possessed sufficient funds to finance their traveling

and other expenses for several months, but we imagine it would not be difficult for any deserving youth to obtain money for a trip into the interior, providing his intentions were serious and were brought to the attention of those possessing financial resources and a desire to help the country in its present travail.

But regardless of the methods employed we know of no more constructive suggestion than that of a trip to the interior provinces where serious problems affecting the future existence of the country and race are awaiting solution. Obviously, these problems cannot be solved by loafing in the restaurants, cabarets and hotel ballrooms of the Shanghai foreign settlements!

WOODHEAD SAYS AMERICANS CAUSED JAPANESE TO HATE BRITISH

THOSE who read Woodhead's column published on the editorial page of the *Shanghai Evening Post* every Saturday probably have noticed his growing anxiety at Japanese animosities toward the Anglo-Saxon Powers (and especially the British). We use the parenthetical phrase exactly as it appeared in Woodhead's column in the *Post* last Saturday which was devoted to the matter of the growing estrangement between the Anglo-Saxon and Japanese peoples.

We know that our American and Chinese readers and also possibly a considerable number of Britons will be interested in Woodhead's conclusion that the abrogation of the Anglo-Japanese Alliance at the Washington Arms Conference and the passage of the American Immigration Act were largely responsible for the present estrangement. He alleged that Japanese immigration into the United States could have been restricted as effectively through perpetuation of the Gentleman's Agreement. But for some reason Woodhead, after stating that the abrogation of the Anglo-Japanese Alliance was a potent cause of Japanese animosities, failed to discuss, or even mention again, his reason for that statement.

To mention the immigration question first, it was the failure of the so-called Gentleman's Agreement which brought about the passage of the Immigration Act. Woodhead has attended the conferences of the Institute of Pacific Relations where this subject was discussed; hence he should be aware of the causes—familiar to every schoolboy on the Pacific Coast—for the breakdown of the Gentleman's Agreement, an unofficial exchange of notes whereby Japan agreed to voluntarily restrict the entrance of her citizens, particularly those of the agricultural and artisan classes, into the United States. A careful check on the entrance of Japanese into California and other Western states, indicated that the powerful Japanese immigration companies were deliberately violating the agreement by means of the so-called "picture-bride" system whereby wives were being supplied to immigrants and passports misrepresenting the occupations of settlers were being issued in wholesale lots. It was the knowledge of this state of affairs, indicating an officially inspired scheme to colonize the West Coast states with Japanese of the laboring classes that was responsible for the flaring up of anti-Japanese sentiment which culminated in the passage of the Immigration Act barring all Orientals, excepting businessmen, educators, students and travelers, from admission to the United States.

Therefore Woodhead's statement that the Gentleman's Agreement would have served the purpose, constituted a mis-statement of actual facts. Also, he failed to mention that British possessions, such as Australia, New Zealand and Canada, also barred Japanese immigration. Perhaps this failure was due to a convenient lapse of memory on the part of this British commentator on American diplomatic practices.

Then the matter of abrogating the Anglo-Japanese Alliance at the Washington Arms Conference in 1921-1922. Here again Woodhead suffered a lapse of memory, for while the Anglo-Japanese Alliance was abrogated at the Washington Arms. Conference, it was the opposition of the British colonies and self-governing dominions, particularly Canada, Australia, India and New Zealand, which were largely responsible for the dissolution of the alliance which was then, and still is to a considerable extent favored by the British Tory groups.

Woodhead also mentioned the Lytton Commission which investigated Japan's seizure of the Manchurian provinces and the work of the British financial expert, Sir Frederick Leith-Ross who helped China stabilize her currency, as added reasons for Japanese animosities toward Great Britain, which he contended were unjustified because other countries—America, France, Germany and Italy—had participated in the findings of the Lytton Commission, while everybody, including Japan, had benefitted from the stabilization of Chinese currency.

But Woodhead was particularly "astounded" at the recent statements of Admiral Nobumasa Suetsugu, recently appointed Minister of Interior in the Japanese Cabinet. Admiral Suetsugu's statements appeared in the Tokyo magazine *Kaizo* prior to his appointment to the cabinet post, but despite this and the later attempt to disavow the declarations as "unofficial and personal," there is no questioning the fact that they produced widespread apprehension abroad, particularly in Great Britain. They probably were responsible for the attempt on the part of Sir Edward Grigg, former Governor of the Kenya Colony, to palliate Japan, in the course of a letter published in the *London Observer* on Jan. 10. He stated that

the Japanese were "forced into expansion by a compelling need," and "recalled" that the Japanese had been loyal to the Anglo-Japanese Alliance. He also said that the proposals of the Lytton Commission "hardly justified the view that Japan might have secured all she needed by diplomatic means."

While Britons of the type of Sir Edward Grigg—and Sir John Simon—and China coast diehards of the Woodhead type still attempt to maintain the fiction of Anglo-Japanese amenities, we rather incline to the view that declarations such as those of Admiral Suetsugu on the Japanese side and the statement (or expletive) of the local British Police Sergeant A. R. Turner, more nearly express the real sentiments of the respective peoples. Sergeant Turner, after observing the mistreatment of Chinese farmers by Japanese soldiers stationed on the borders of the Settlement, referred to the Japanese military establishment as a "bloody army," a familiar British expletive carrying the meaning of "damned."

As for Admiral Suetsugu, that Japanese Cabinet Officers attributed China's resistance to British assistance and declared, "If China should depend solely on the alleged British assistance, in declaring her intention to prosecute protracted hostilities despite the fall of Nanking, I believe it would be inevitable for Japan to stop the fountain head of China's resistance, even at the risk of a clash with Britain."

This statement by Admiral Suetsugu was preceded by a declaration that "justice and humanity would soon come to an end unless the world, now dominated by the whites, is reconstructed. . . . lasting peace of the world cannot be realized unless the colored race (races ?) now leading a miserable life under the shackles of white domination, is delivered . . . . the ultimate goal in the progress of human civilization certainly lies in the deliverance of the colored races. . . . stabilization and peace of East Asia can be established only through close cooperation between Japan, Manchukuo and China . . . . whether this means exclusion of whites or not is an important question which should mark the turning point in the history of the world. . . . justice and humanity so earnestly professed by the Whites will only end in lip service unless all colored races are emancipated, so as to let them share equally the favors of Heaven. . . ." In conclusion the Admiral declared that long-term hostilities on the part of China against Japan "will bring no good either to the peace of the Far East, to China herself, or to Britain. . . . therefore I counsel China to abandon her long-term hostilities forthwith. . . . I am inclined to believe that Britain would readily listen to reason, especially since suspension of hopeless assistance to China at this juncture will benefit the Far East as a whole. . . . Generalissimo Chiang Kai-shek is facing a dilemma, because if he surrenders to Japan his life will be in danger, while if he leaves the present situation as it is China will be dominated by communist influence. . . . therefore Japan must be prepared for long-term hostilities, realizing that the capture of Nanking does not mean the settlement of the Sino-Japanese conflict. . . ."

There is significance in this attempt of a high Japanese official to raise the racial issue at this time as a threat to Great Britain, primarily, but also to the United States. The Japanese made a similar threat at the Versailles Conference when serious opposition was raised to Japan's retention of the former German colonial interests in China and the South Seas. The delegates of the Allied and Associated Powers, represented at the Peace Conference, finally agreed to Japan's control of the former German interests in Shantung, but the deal was reversed at the Washington Arms Conference in 1921-1922.

While the Powers may have been frightened at Japan's threat to raise the racial issue or invoke a racial war at that time, it is extremely doubtful whether a similar threat at this time would arouse any apprehension anywhere—because Japan's motives are now too well known. The British Indians have already gone on record as strongly opposed to Japanese aggression in China, and no explanation of Japan's suppressionist activities in Korea and Formosa is needed to show that Japan's exploitation of weaker members of the so-called "colored" races has been worse than white overlorship anywhere in this modern world. In the United States, where the racial issue is a serious social and political problem, several organizations of American Negroes have passed resolutions strongly opposing Japanese aggression in China and supporting the proposal for a boycott of Japanese goods.

Most observers feel that the Japanese attempt to raise the racial issue at this time and the equally significant attempt of Japanese sympathizers and propagandists to hold the United States responsible for present developments in the Orient, constitute evidence of growing desperation on the part of the Japanese military clique which has been largely frustrated in its attempt to put over its political and economic programs, although the military campaign has been generally successful—though considerably behind schedule. It is probably a natural development that the Japanese should now blame the Occidental Powers, but particularly the British who have the largest investments in China, for the failure of the Japanese program to go over as expected.

Generally speaking, Japan's complications with the Occidental Powers have not resulted from her relations with them directly in the West, but from Japan's activities in China. The statement that Japan had loyally lived up to the spirit of the Anglo-Japanese Alliance, as claimed by Sir

Edward Grigg, would not receive the approval of Britons generally. How about the presentation of the Twenty-One Demands to China in 1915 when Britain was involved in the World War? How about the anti-British campaign waged by Japan during the war, at a time when the Japanese General Staff thought the Central Powers would win the struggle? But, as indicated in the foregoing, while the Anglo-Japanese Alliance had always aroused American suspicions, it was the open opposition of British colonies and dominions which forced the abrogation of the pact at the Washington Arms Conference. It was America's entrance into the World War which probably prevented the Japanese from switching sides in the midst of the struggle.

CHINA'S OWN STRENGTH IS THE KEY TO THE SITUATION

IN a series of editorial articles recently, the *Ta Kung Pao*, influential Chinese daily now published in Hankow, made a comprehensive study of the Chinese military situation. In the opinion of the paper, China's resistance to Japan is now at the cross-roads. China must turn the tide of the war, or suffer further reverses and ultimate defeat. The paper warned that China must give up relying on foreign assistance, and must fight her own battles. The key to the military situation in China, the journal emphasized, is China's own strength.

Under the heading "Military Operations First" (Dec. 7) the *Ta Kung Pao* urged the entire country to first and foremost concentrate on military operations and strengthen itself for continued resistance. It was pointed out that in the past the people often made the mistake of paying too much attention to international developments, hoping that such might turn to the advantage of China. But they forget that the present war is entirely a war of self-defence and must be fought by the Chinese themselves. International developments may help, but cannot solve China's crisis, declared the paper.

China has suffered repeated military reverses, the writer continued, but they should not cause pessimism. While military operations at the front were certainly important, conditions in the rear equally deserved attention. Of the many problems in the rear, the most important was that of "mass mobilization." The rapid extension of the areas of hostility had created a situation where there is no "front" or "rear" to speak of. Therefore the people of the entire country should organize themselves so as to be able to do their part individually in the campaign of resistance.

In another editorial the paper discussed the problem of how to increase China's defensive strength. First, China must further consolidate her unity of thought as well as action. She must eliminate friction and contradictions between parties and factions. She should take measures to strengthen her political machinery. People must support the government and abide by its decisions. The entire nation should mobilize for protracted warfare. The more serious the military situation, the more important is the work of political organization.

Commenting on the "Progress of the Chinese Military," the paper enlogized Chinese army officers, pointing out that after five months of heavy sacrifices, the morale of Chinese troops remains unshaken. The most noteworthy point is that not one military commander has surrendered to the enemy either in the face of grave danger or of tempting offers. There are Chinese who allegedly have become puppets of the Japanese in North China. but not a single military officer among them. The patriotic stand of Chinese army officers was an indication of the rapid progress of the Chinese military service in recent years.

In order to save Chinese troops from further heavy reverses, the *Ta Kung Pao* offered three points for the consideration of the highest Chinese command. First, military commanders must improve tactics in the light of experiences gained in the past five months of fighting. Secondly, steps must be taken to increase the political training and education of soldiers. Closer relations must be established between soldiers and officers; both must endure privations equally. Thirdly, close co-operation must be established betweeen soldiers and people. Only on the basis of such co-operation can final victory be hoped for or achieved.

Under the heading, "Wanted: True Understanding of Military Affairs" (Dec. 24) the *Ta Kung Pao* pointed out that China's armed resistance was now at the cross-roads from a military standpoint. After five months of hostilities, China must from now on score victory after victory or for final defeat will be inevitable. Regardless of the international situation, the paper warned, China must find a solution of her military problems and must not depend on outside assistance.

The major problem facing the nation is that of building a new army. Unless China can accomplish this objective there is little hope of final success in a protracted war. The following suggestions were offered: First, military tactics and the military command must be improved. The question must be studied and decided whether to give more power to individual commanders or to increase the power of the Chief of Staff. Secondly, regarding conscription, the people must be mobilized politically and educationally as well as militarily. A two-year plan for recruiting, organizing and training new troops should be mapped out and initiated. thirdly, the technical ability of military officers should be improved on the basis of lessons learned during the past five months of active operations. Students should be enlisted in the engineering corps or in other important works requiring scientific knowledge. Fourthly, management of communication facilities should be improved so as to prevent serious bunders in transportation during military operations. Fifthly, more students should be enlisted in aviation schools and given thorough training, in order to develop them into competent air fighters without unnecessarily sacrificing expensive airplanes. Sixthly, everywhere the people should organize themselves as local militia and work in close co-operation with mobile units to carry on guerilla warfare on a large scale. Finally, as far as possible, railways and highways should be built in the rear of fighting zones along with arsenals and other important military works. All technicians and persons possessing scientific training should be mobilized for service of the nation.

According to a *Reuter* dispatch from Hankow on Jan. 8, the Central Political Bureau of the Chinsee Communist Party has decided to convoke the Seventh National Congress of the Party. The Congress is scheduled to meet in the near future with the following agenda:

1. Wind up the 10-years' struggle of the Communist Party and lay down a programme of future activities.
2. Organise and ensure the continuance of the resistance of the entire Chinese nation against Japan.
3. Mobilise the labour class for active participation in anti-Japanese resistance work.
4. Draw up a programme of the activities of the Chinese Communist Party under the present new conditions.
5. Elect new members to the central organs of the Chinese Communist Party.

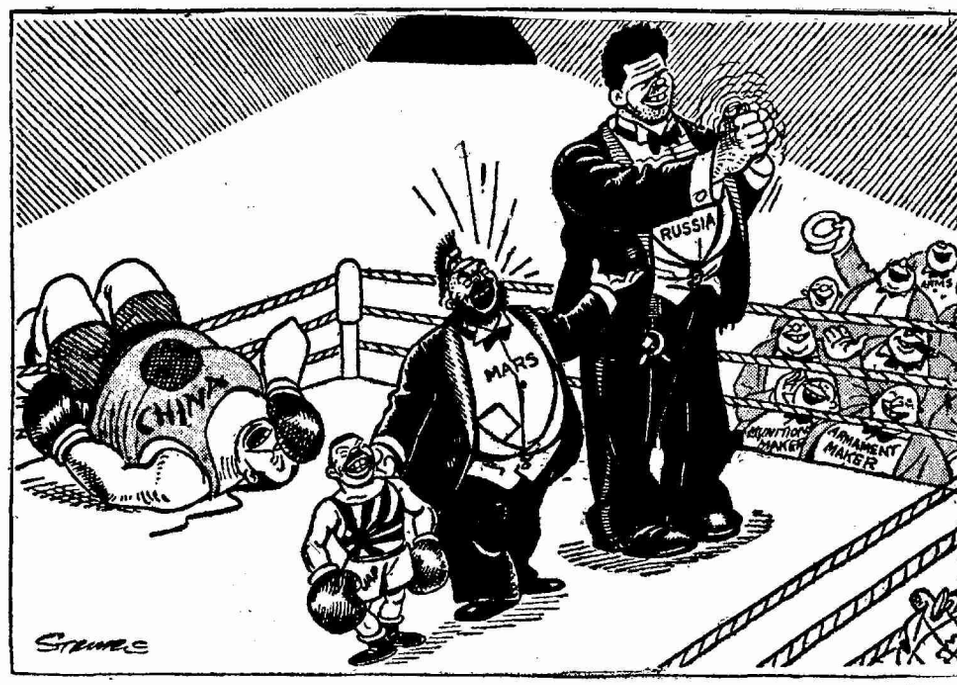
Meanwhile, much significance was attributed in the news reports to the appointment of Kuo Mo-jo as Secretary-General of the Political Training Department of General Chiang Kai-shek's Headquarters. Mr. Kuo is a well known Chinese Leftist author. He previously lived as a political exile in Japan, but returned to China after the outbreak of hostilities. Gen. Chen Cheng, leader of the Chinese Young Officers' Group and one of China's ablest commanders, is head of the Political Training Department.

Arrival of Soviet Pilots and Planes Portends Early Entrance of USSR Into Struggle

THE actual arrival of Soviet pilots and technicians and Soviet manufactured planes on the China front has created the impression that an early extension of the Sino-Japanese conflict to include the Soviet Union may be imminent. Previously it was thought that conditions within Russia would prevent the Soviets from taking any hand in developments on the China front for a considerable period, but this apparently has not been the case. The number of Soviet aviators and Soviet planes, which are now in China, is not known, but that both Russian aviators and planes are here, is no longer disputed.

There also are a number of American aviators at Hankow and Nanchang and previously most of the Chinese planes were of American manufacture. Therefore it might also be argued that this portends the ultimate entrance of America into the struggle. This may be true, but it now seems likely that Russian participation may come first—that is, if there are no more Panay incidents!

WILL THIS BE THE NEXT CHAMPIONSHIP FIGHT?



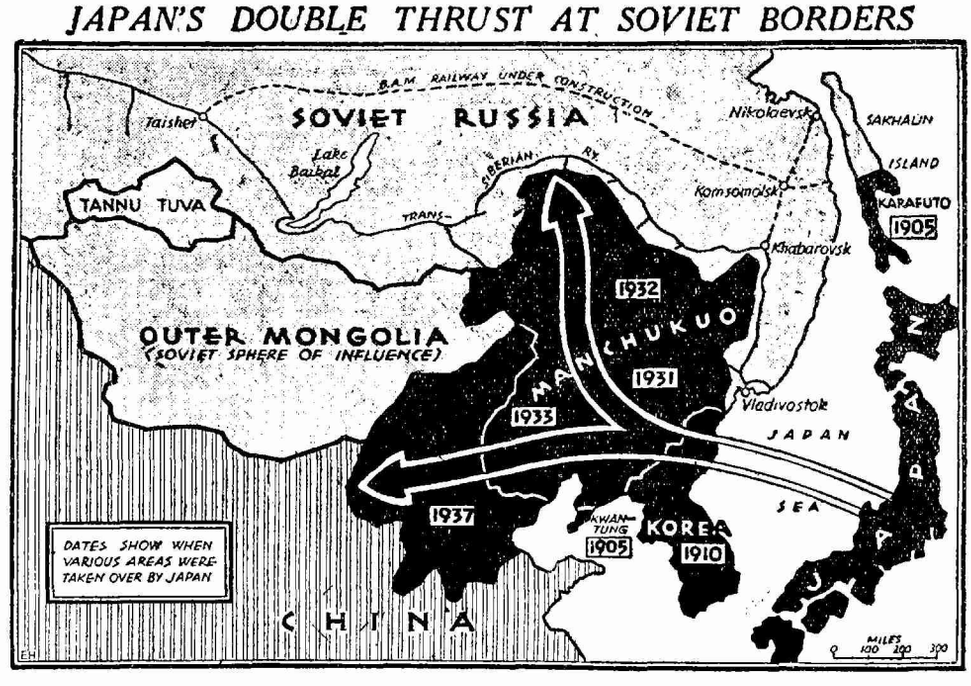
In this cartoon (British Strube Service) the referee Mars is announcing, "Next contender for the heavyweight title." The audience is made up of arms manufacturers.

When Japanese and Soviet flyers begin fighting over the Chinese landscape in the Yangtse Valley, it is not likely to be long before these conflicts spread to the Mongolian and Manchurian frontiers where both sides are set for war. Late copies of magazines and newspapers from the United States forecast that the next major flare-up in the Far East will be in Outer-Mongolia where Mongolian chieftains allegedly have been receiving war supplies and military advice from "sources other than Moscow." Neutral military observers, familiar with developments on that front, believe that sooner or later Soviet leaders will be compelled to send their Far Eastern army into Outer Mongolia for the purpose of suppressing a revolt. Of course, the Russians will find that Japan was behind the uprising—and the long expected Russo-Japanese war will start. This was the forecast published in the December 6th issue of *Newsweek* magazine. Recently there have been many strange rumors circulating about the Mongolian situation one being to the effect that Russia may "restore" Outer-Mongolia to China following which Outer-Mongolian troops would immediately take up the fight on China's behalf by attacking the Japanese positions along the Peiping-Suiyuan Railway. Harold Denny, correspondent for the *New York Times* in Moscow, stated in the course of a dispatch dated November 27 that the organ of the Soviet General Staff, *Krasnya Zvezda*, had flatly warned Japan that the Soviet Union meant what it said when it signed the Mutual Assistance Pact with Outer-Mongolia on March 12, 1936. This pact, which had existed as a gentleman's agreement since November, 1934, bound the Soviet Union and the Mongolian People's Republic "to give all assistance including military aid in case either is attacked."

According to Mr. Denny, there are two reasons, one political and the other strategic, which explains Outer-Mongolia's importance to the Soviet Union. First, the country is bound by close political ties to the Soviet Union. After the Bolshevist Revolution, Outer-Mongolia was overrun with White Guard detachments serving as tools of the Japanese. These White Guard detachments, including a band of Cossacks led by Ataman Semienoff, were finally driven out of Mongolia by the Soviet Red Guards. While the Russians have recognized Outer-Mongolia as a part of China, they have on the other hand, regarded the country as being closer to Russia in many ways than to China. Strategically, Outer-Mongolia is a buffer state protecting the Soviet's most vulnerable border. Any enemy mastering Outer-Mongolia would be in a position to thrust

into the Soviet's flank in the Lake Baikal region and threaten to sever the whole Soviet Far East from the remainder of the Soviet Union.

Although it was not mentioned in Mr. Denny's dispatch, it is a common practice of Japanese army officers to point to the Lake Baikal district as being the dividing line between East and West, implying that Russia should be forced to remain to the west of Lake Baikal while Japan, presumably, should control everything on this side. Japanese statesmen, according to Mr. Denny, would sleep better at nights if they possessed the Soviet's maritime provinces. Should war break out between Russia and Japan, Soviet flyers in huge, long range bombers could do terrific damage to Japanese industrial centers. Therefore Japan has long had an eye on Outer Mongolia. Since 1933 Japan has been penetrating into Inner-Mongolia, which is also a part of China lying between China proper and Outer-Mongolia. Japan's recent over-running of Chahar and Suiyuan have constituted a most serious threat to the integrity of Outer-Mongolia and hence to the safety of the Soviet Far East because Japan's intrigue among the chieftains of Outer-Mongolia has been just as active as was similar intrigue among the Inner-Mongolian leaders which preceded Japan's military advance and occupation of that area.



New York Times

Tokyo statesmen would sleep better nights if they had Russia's maritime provinces —and Moscow realizes that an enemy mastering Outer Mongolia could sever the Soviet Union.

This explains why the Soviet authorities saw fit to utter their blunt warning stating that the Soviet Union was bound by a treaty of friendship with the Mongolian people and would help them, if needed, to answer the blow of Japanese aggressors with a shattering blow. Mr. Denny's dispatch stated that Moscow was watching with satisfaction the subborn resistance with which China was meeting the forces of the Japanese drive and Moscow was calculating Japan's enormous costs and her inability to obtain essential war supplies except with actual gold. The Russians also continue to speculate hopely on whether or not economic forces will defeat Japan regardless of field victories. Owing to the critical relations existing between the two countries, the official Soviet *Tass News Agency*, which sends reports to the Far East, usually avoids comment on the situation, but this rule was broken on January 8, when a summary of an editorial in *Pravda* was wired here for publication in the local newspapers. It was to the following effect:

"Territorial seizures by no means signify that a war is won. In retreating, the soldiers of the Chinese army preserve their fighting capacity and their stubborn will to resist the aggressors.

"At the same time, Japanese imperialism encounters increasing difficulties within Japan herself. The mobilization of a million of able-bodied men, the decrease, therefore, in the number of working hands in towns and villages, the aggravation of conditions of existence for the masses, the reduction of production in branches of industry not having a military significance, the ruin of owners of small enterprises, the tremenous expenditure on war—such are the conditions in Japan.

"The Japanese Government does not already dare to calm the masses with talk about the rapid conclusion of war: it now calls the country to a prolonged and persistent tension.

"In order to prevent complications within the country, the Japanese Government has proclaimed a campaign of moral mobilization. Unlimited repression and mass arrests serve as methods of moral mobilization.

"Further, in spite of Japanese occupation of a number of provinces, China is now more unified and rallied to the seriousners of the crisis than ever before.

"The support of the Central Government by all regions of the country allows it to carry out successfully the organizational measures for continuing the war. The frenzied Japanese adventurists have now met in China not individual mercenary generals, ready to make a deal with the usurpers, but multimillioned heroic people who have decided to defend their fatherland and their independence to the last."

A *United Press* dispatch from Hankow on Jan. 11 quoted the *San Tang Pao*, organ of the Chinese Army as stating that Outer-Mongolia would soon participate in hostilities against Japan as a definite part of the Chinese Republic. It was alleged that the Chairman of the Urga Government had been named Commander of the Mongolian War Zone and that the Army, trained and equipped by the Russians would prove a valuable ally for the Chinese forces.

Is China Beaten? Or Has the War Only Begun?

Has China suffered a complete collapse? The question is being widely asked. It is answered with an emphatic "No" in the following article by an observer who recently returned to the United States from the Far East and who for years has been familiar with conditions here.—New York Times, Nov. 28.

BY NATHANIEL PEFFER

JUST as events in the Far East up to two weeks ago led to false conclusions in one direction, so events in the last two weeks are leading to false conclusions in the opposite direction. The Chinese were not winning the war up to two weeks ago. They have not lost it in the last two weeks.

There is no "collapse" of China. The Japanese Army has not confronted the world with the conquest of China. Nothing permanent has as yet been accomplished. Nothing has been decided in the Far East. In fact, nothing has happened that is not almost according to program. There has been a little divergence from time schedule, but that is all.

"War Just Beginning"

The war in the Far East is not ending. It is just beginning—in the only sense in which there could have been a war.

With the exception of nearly all the higher officers of the Japanese Army, a certain number in Europe and America who knew little about the Far East, and a smaller number of Chinese whose feelings begot overconfidence, no one had expected the war to take any other course in the first three months than that which it has taken.

The Japanese have captured Shanghai and are driving toward Nanking. All that is surprising in that is that it has come so late. By all normal calculations, including those of the men at the head of the government in Nanking, it should have come earlier.

The Idea in Tokyo

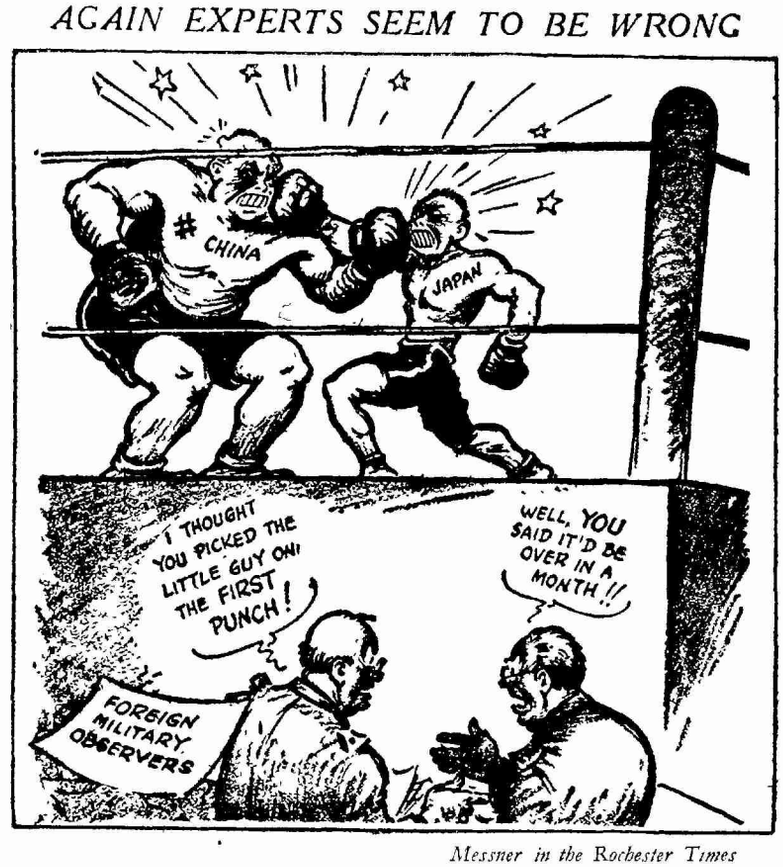
I was in the Far East during the year preceding the beginning of the war and for two months after it had begun. In Japan it was taken for granted, with the complacent assurance that is founded on Japanese ignorance of China, that the Japanese Army would hold Shanghai and Nanking right away. In fact, such is the ignorance about China, especially on the part of the Japanese military, that it was taken for granted that the Japanese Army would hold Shanghai as soon as the Chinese soldiers saw the forbidding mien of the Japanese generals. Indeed, had the Japanese ruling classes known anything about China and therefore foreseen what Japan was getting itself into, they might have hesitated. But the Alexander complex is innate in the psychology of the Japanese military.

The Japanese were not alone in their expectations. In Shanghai and Nanking there was not a foreigner of any long experience in the Far East who expected China to hold out in formal pitched battles.

Except for a few Chinese who had lost their heads in contemplation of the progress China had made in military preparedness in the preceding year, all realized that China's only strategy was one of retreat: resistance for a while to keep up morale and to compel the Japanese to expend men and munitions, then retreat, then resistance again for the same purposes, then further retreat. The further the Chinese armies retreated and the Japanese had to pursue, the more men and munitions the Japanese would have to expend and the harder it would be to maintain their lines and provision their forces. Then the war would settle down to a guerrilla struggle, in which time would be the deciding factor.

According to Plan

And this is what is happening. If there has been any divergence it is that the Chinese forces remained at Shanghai longer than had been planned—perhaps too long. The Chinese may have deviated from their original strategy too much, being perhaps as much suprised by their successful resistance as the rest of the world was and perhaps therefore becoming too confident. They may have made the mistake of sacrificing too much of their man power and material, their best units being emasculated and the nucleus of the modern-trained army too far reduced for effective action as a spearhead in attack and rear guard in retreat. But otherwise all the reasonable expectations have been fulfilled. The only strategy on which China has any hope of success is being executed.


AGAIN EXPERTS SEEM TO BE WRONG
CHINA
JAPAN
I THOUGHT YOU PICKED THE LITTLE GUY ON THE FIRST PUNCH!
WELL, YOU SAID IT'D BE OVER IN A MONTH!!
FOREIGN MILITARY OBSERVERS

Messner in the Rochester Times

They thought China was out, but the country continued to give battle

This is no conventional war and it could not be fought as a conventional war. There was too much disparity between the antagonists. It is not a war between army and army on the nineteenth-century principle, nor is it a war between army and population on one side and army and population on the other side, on the twentieth-century European principle. It is a war between an army and a people.

There could be, then, no positional warfare—attack, defense and decision. There had to be warfare of manoeuvre, of shifting battlefronts and short battles, with attrition protracted over long periods. The

advantage of area, support of the inhabitants and choice of time and place of action lie with the Chinese; the advantage of superiority of equipment and offensive armament lie with the Japanese.

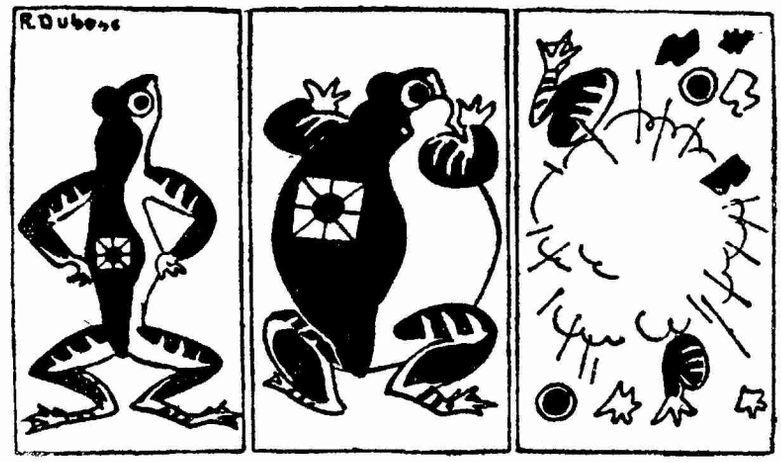
The first stage of the war is coming to a conclusion, and that is all that can be said. The Japanese have taken Shanghai and beyond any possibility of doubt will take Nanking. Before long they will have Shantung Province and it is difficult to see how they can avoid having to drive up the Yangtze River to Hankow, where they would dominate the Peiping-Hankow Railway. And then they will not have won. Then it will only begin to be determined whether they can win. The real China-Japan war, the war that could have been expected, will then begin. It is in its preliminary stage now.

The war issue between China and Japan can be formulated as morale versus material. Can Chinese resistance hold out as long as Japanese wealth can sustain the cost of putting down the last flares of Chinese resistance? On that question the results of the war to date have little bearing.

How long can Chinese resistance hold out? The will to resist is there. It may not be as sturdy and enduring as many Chinese have made themselves believe. There will be important and increasingly large elements which will want to compromise with what they deem to be the inevitable. In certain localities they will quite likely have their way. But even if they number two-thirds of the population and the localities in which they are successful comprise half the area of China, that still leaves an enormous population and an enormous area for the Japanese Army to reduce to submission and keep subdued. For China is half a continent and its population larger than Europe's to the Russian border.

It can be said with dogmatic finality that there is no prospect that China's resistance will diminish to such a point that Japan can reduce its force of occupation in China to less than 250,000 men for another year. A conservative estimate would be nearer 400,000 men. What is determinant then is how persistently and how effectively the remaining Chinese armies can keep the force of occupation engaged, how much trouble they can make for its lines of communication and supply, how much loss they can inflict on men and materials and how long Japan can keep on replenishing both men and supplies—while still keeping its military establishment at full strength against the danger of a war with other powers, especially Soviet Russia.

FROG WITH A MANIA FOR EXPANSION



Humanite, Paris

French comment on the final outcome of Japanese expansion.

Chinese Red Army

In effect, the question on the Chinese side can be reduced to this: How effectively can all of China's military forces employ the methods of fighting used by the Chinese Communists between 1930 and 1936? Incidentally, little has been heard of the Chinese Red Army in the last month, which is a favorable sign from the point of view of China's chances. For that means that the Red Army has not been tempted away from its customary procedure. It is deploying in small units, concentrating for swift, surprise attacks, drawing the enemy forces into pursuit at one point and striking him at another and thus compelling him to extend his lines more thinly or increase his defenses.

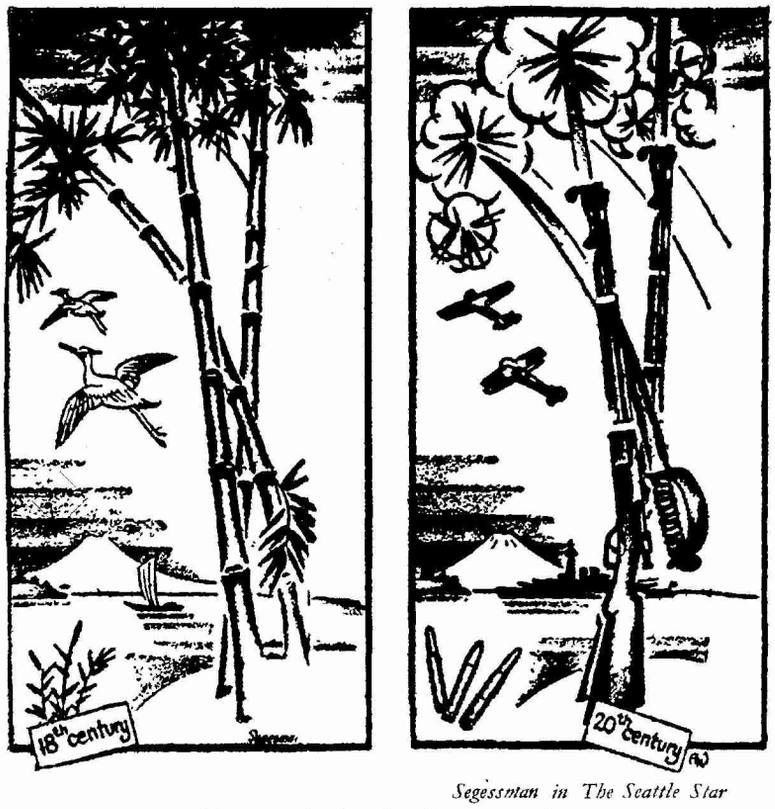
It is true that the Chinese Red Army has been successful to date only against Nanking armies, which is a different matter from opposing Japanese armies. But it is also true that the Red Army showed what could be done with Chinese soldiers trained for the purpose, with the peasant population organized as a supporting base. If 500,000 Chinese troops can be organized, equipped with the small arms essential to general warfare, and led as the same kind of army using the same tactics, and if they can be spread over a large enough area and keep moving all the time, Japan will not be able to hold the country with 250,000 troops or even with 400,000 troops. It will hold the cities, ports and strategic points. It will be victorious in position. But it will never be able to realize on its victory. It will have to continue fighting.

Japan's Economics

On the Japanese side the question can be reduced to how long Japan can keep this up.

(*Continued on page 194*)

JAPANESE ART OF THE PAST AND NOW



Segessman in The Seattle Star

Metamorphosis of a Japanese print

Colonel Stimson Inquires About U. S. Help to Japan

BY HENRY L. STIMSON
Former U. S. Secretary of State

(Condensed from a letter to the New York Times)

AMERICANS are outraged at what is taking place in the Far East. But many of them close their eyes to this picture of distant horrors, in the belief that we owe no duty to the situation except to keep out of it. It may therefore be useful to recall certain features of the situation which do relate to us and our future.

In the first place, China's 450,000,000 people, devoted mainly to agriculture, have been for centuries inherently peaceful. No outside nation has any reason to fear armed attack from China provided she continues her own peculiar methods of development. On the coutrary, all nations could look forward to profitable commercial intercourse with the millions of Chinese who are keen, capable and honest in business.

Toward the close of the 19th century a scramble commenced among Western nations to divide up Chinese territory, resulting in the Boxer Rebellion. At this juncture the United States put forward a policy designed to arrest the scramble, and succeeded in pledging the other nations to an "Open Door" policy toward China.

Twenty years later the Open Door policy was embodied in a formal treaty between all of the nations having possessions in the Far East, including Japan. This became known as the "Nine-Power Treaty." All of its signatories agreed:

1. To respect the independence and territorial and administrative integrity of China.
2. To provide the fullest opportunity to China to develop a stable government.
3. To maintain equal opportunity for the commerce and industry of all nations throughout the territory of China.
4. To refrain from taking advantage of conditions in China in order to seek special rights which would abridge the rights of other States.

This was one of the most farsighted treaties in the history of modern civilization. In reliance upon the Japanese agreement to leave China alone, the United States and Great Britain agreed to limit the size of their fleets and to refrain from further fortifications in the Far East.

This treaty correctly represented the interest of America in China. For years our people have carried on in China the greatest humanitarian effort ever offered by the people of one great nation to another. From hundreds of American towns thousands of missionaries, educators and scientists have gone to devote their lives to the assistance of the Chinese people. American sacrifice and American money have built colleges, schools, hospitals and churches even in China's most inaccessible regions.

Simultaneously in our own colleges we have been receiving thousands of Chinese students and educating them according to American principles. The personnel of the Nationalist Government of China today shows marked results of these American efforts.

For ten years China remained in undisturbed occupation of her territory. During that time Japan, being under the leadership of liberal statesmen, was faithful to her treaty obligations. Unfortunately, underneath the veneer of her modern parliamentarianism could be found military leaders cherishing grandiose ambitions for conquest. To such imperialist leaders the depression of 1930 brought opportunity. In September, 1931, defying the civil leaders of their own government, the Japanese Army seiezd Manchuria. Within three months they had torn away from China provinces as large as Germany and France combined, with a population of some 30,000,000 Chinese.

A few weeks later, in January 1932, a Japanese expeditionary force attacked Shanghai. But meeting entirely unexpected and courageous resistance by the Chinese Nineteenth Route Army, as well as vigorous protests from the American government and the League of Nations, and disturbed because the total American fleet was held at Hawaii on the flank of the Japanese aggression, Japan withdrew her forces from Shanghai with her objective unattained.

Since then, militarism in Japan has consolidated its hold upon the government, in part by a campaign of terrorism which involved the assassination of the more modernate Japanese statesmen, And Japan has boldly claimed hegemony over China which is in complete disregard of her promises in the Nine-Power Treaty.

Simultaneously events occured in the outside world to make Japan think her opportunity had arrived for a new attack on China. The Fascist dictators of Italy and Germany carried through coups in Ethiopia, the Rhineland and Spain involving treaty violation and indefensible aggression. On the other hand, the peaceful democracies of the world have yielded to these lawless acts of the dictators with a lack of their customary spirit. This has been excusable in Britain, faced as she is with an extremely perilous European condition within range of her home cities. But in America, occupying the safest position in the world, there has been no excuse except faulty reasoning for the wave of ostrich-like isolationism which has swept over us and which, by its erroneous form of neutrality legislation, has threatened to bring upon us the very dangers of war we are seeking to avoid.

So Japan has struck again. No excuse worthy of a moment's consideration has been given for the attack. On the contrary, the statements emanating from Tokyo make abundantly clear that there is no such excuse. The general scope of what Japan is attempting is obvious.

She is trying to take control of China, in direct contravention of the Nine-Power Treaty. She does not contemplate "the preservation of China's territorial integrity." She is engaged in carving up Chinas' territory and taking over China's administration. She does not propose equality of commercial opportunity among all nations dealing with China. She is seeking to monopolize that opportunity and has already taken effective steps to do so in "Manchukuo." Furthermore, she is seeking to do this by terrorism of the most barbarous kind.

Japan is not a good colonizer even of backward races. Her methods are thus described by Nathaniel Peffer, an able student of the Far East.

> What capacity she possesses for construction is counterbalanced by a lack in the intangibles of ruling. Her notorious psychological deficiencies have never been more conspicuous. . . . Not only are the inhabitants of Manchukuo unreconciled; they are hostile, unreconstructedly hostile. . . . Japan has not the capacity to win loyalty by sharing benefits and rewards. . . . The Japanese can command, but they cannot cooperate.

Japan has not even the financial resources which are necessary for colonial exploitation. They already have been strained to the uttermost by her efforts in "Manchukuo." Before she made the present attack, her credit was impaired, her currency in jeopardy and her foreign trade had been curtailed. The conditions of her industrial workers have become progressively more difficult Real wages in Japan are nearly 20 per cent below 1931.

In short, this headstrong little nation, herself on the verge of bankruptcy from her previous adventure in "Manchukuo," is seeking to recoup by a brutal attempt to exploit a population over four times her size and composed of men who are individually as brave as her own people and who are at least their equals in mentality and civilization.

In such a situation what is the forecast for us and the rest of the world? Japan may temporarily occupy large portions of China and force the Chinese masses into her armies for use in making trouble elsewhere in the world. And certainly she can disastrously retard the efforts which China has been making for development in her own peaceful way.

Japan can thus cause immense loss to all nations commercially interested in China, and for a time she may make herself a stronger military power than she is at present, causing great danger in the North Pacific, with possible threats to our own interests.

Such is the situation which confronts our nation. The American people are angry at the callous brutality of the Japanese. Our abhorrence of injustice and oppression causes us universtally to sympathize with China.

In the first place, let me make it perfectly clear that, in my opinion, this is not a case where there should be any thought of America sending armies to Asia. If China is to be saved, it must be saved by the courage of armed Chinese themselves.

But that is very far from saying that the only alternative is a shameful acquiescene in the wrong that is being done. The lamentable fact is that Japan's aggression is being actively assisted by our own nation and the other great democracy, the British Commonwealth. Indeed, without our assistance the aggression would be promptly checked.

Japanese is peculiarly dependent upon the outside world. She is lacking in the raw materials from which to manufacture munitions. She has no supplies of oil worthy of the name. She has no supplies of rubber whatever. She has very little iron ore —about one-seventh of what she uses even in peace times—and she has almost no cotton. For these essential commodities her principal sources are Great Britain and the United States.

Again, in Japan's tottering financial condition she is able to make these purchases only by selling her own products—silk, for instance—to us.

It is not necessary to go further into the picture. Today hundreds of thousands of brave Chinese are fighting a desperate battle with heroic self-sacrifice that has won the admiration of the world. But to fight Japan's mechanized forces, they are virtually armed only with the rifles they carry. Even their supply of cartridges is pitifully inadequate. Their artillery and airplanes are woefully insufficient. And the odds against which they are fighting are being made possible by us.

So I say that the first glaring fact is that China's principal need is not that something should be done by outside nations to help

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her but that outside nations should cease helping her enemy. Given a situation in which the supply of munitions was only somewhat less unequal, China's bravery has already shown that Japan's task would be hopeless.

In the light of this, the first question that I should ask of the American and British people is: Do the safety of the American nation and the safety of the British Empire require that we go on helping Japan to exterminate the gallant Chinese soldiers and civilians? Is the condition of our statesmanship so pitifully inadequate that we cannot devise the simple means of international cooperation which would stop our participation in this slaughter? I for one do not think so.

The second great fact which the present situation brings out is the deep-seated error which has pervaded recent American thinking. I heard Theodore Roosevelt say that he put peace above everything except righteousness. Where the two came into conflict he supported righteousness. In our recent efforts to avoid war we have reversed this principle and are trying to put peace above righteousness. We have thereby gone far toward killing the influence of our country in the progress of the world. At the same time, instead of protecting, we have endangered our own peace.

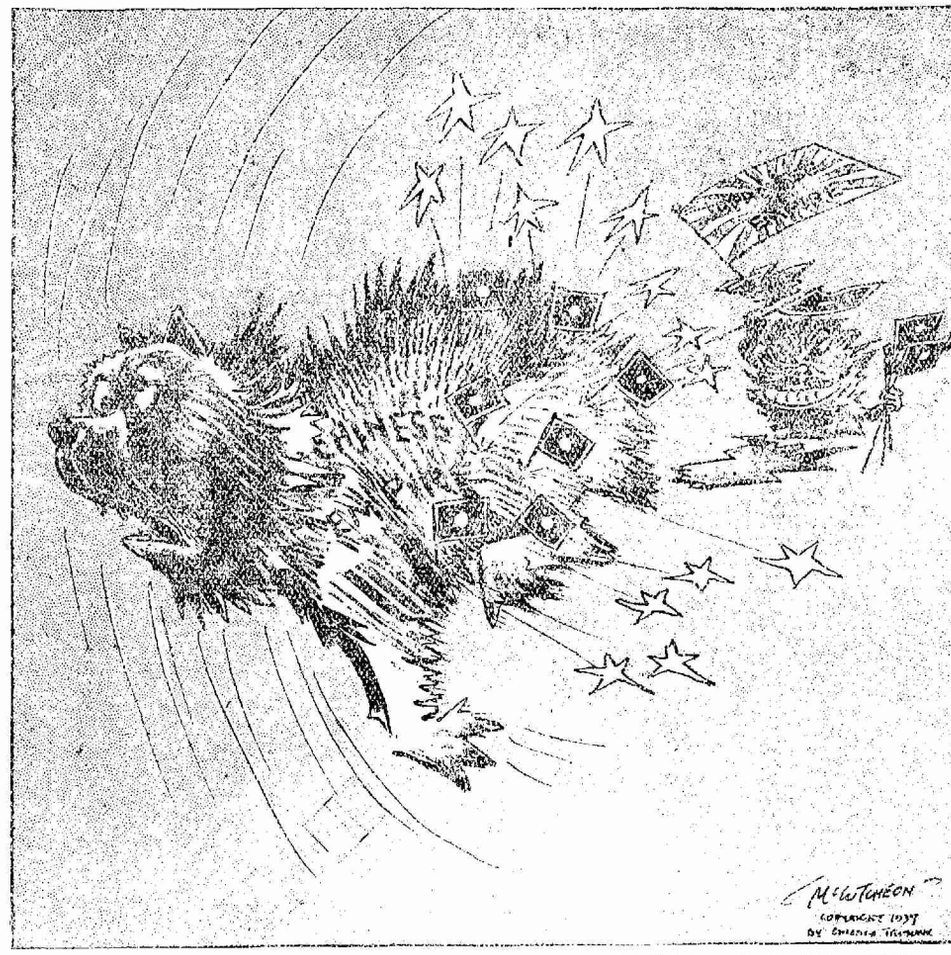
Our recent neutrality legislation attempts to impose a dead level of neutral conduct on the part of our government between right and wrong, between an aggressor and its victim, between a breaker of the law of nations and the nations who are endeavoring to uphold the law.

It won't work. Such a policy of amoral drift by such a powerful nation as our own will only set back the hands of progress. It will not save us from entanglement. It will evenmake entanglement more certain.

Progress is not made in the world by ignoring the difference between right and wrong. In the grave crisis in the Far East we not only must not fear to face issues of right and wrong, but we must not fear to cooperate with other nations who are attempting to face those issues. Five years ago, on Japan's first aggression in Manchuria, the League of Nations did not hesitate to pass judgment upon it in unmistakable language. Nor did the American government hesitate to range itself alongside of the League in that judgment. Neither should our government hesitate today.

Such a judgment is not futile. In the process of time law is built up both within and without national boundaries by such precedents. Japan is far more friendless now before the tribunal of world opinion than she would have been if that judgment had not been rendered against her five years ago. We should not fail to take our part now in laying further foundations for the international law of the future.

HOW LONG CAN THE TAIL WAG THE DOG?



McCutcheon in the Chicago Tribune

Japan to Have Four-Year "War Economy" Plan

A four-year plan of economic development under war-time conditions was presented to the Cabinet for consideration Jan. 8 by Masao Taki, Director of the powerful National Planning Board.

Government officials revealed that the program lays stress upon the following principles:—

1.—Strengthening of the present national unity by "further clarifying the underlying principles of national polity, without equal in the world, and the spreading of the Imperial Way philosophy abroad.

2.—Reform of the educational system with a view to the preservation and increase in human resources.

3.—Strengthening of Japan's position as a stabilizing influence in East Asia and the readjustment of foreign relations from an independent standpoint.

4.—Strengthening of the unbreakable bonds uniting Japan and Manchukuo.

5.—Strengthening of the Japan-German-Italian anti-Communist front, with a view to creating an international collective barrier to the activities of the Comintern.

6.—Readjustment of the uneven progress in productive capacity, so as to evolve co-ordinated national power by preserving and developing material and human resources.

7.—Advocacy of free access to natural resources through the world and of free trade in order to bring about a world-wide economic readjustment and the extension of national power.

8.—Balancing of international payments in order to stabilize national economy.

9.—Devotion of full energy to the settlement of the present situation by uprooting and eliminating all factors giving rise to uneasiness among the people.

Japanese Government to Spend Yen 140,000,000 on Developing Civil Aviation

In the next fiscal year, beginning in April, the Japanese Government will spend Yen 140,000,000 for the opening of international air routes, encouragement of the aircraft industry, and the training of aviators, a *Domei* message from Tokyo Jan. 9 stated. By the end of 1941, the Tokyo Ministry of Communications expects to have trained 3,000 civilian fliers, who could be called to colors in case of an emergency.

Launching an independent program of expansion, the Japan Air Transport Company has placed orders in America for 12-passenger Lockheed machines, while 14-passenger Douglas airliners are being built for the firm in Japan under license. The concern's plans provide for the inauguration of a daily two-way trip between Japan and Formosa and Seoul and Seishin. In cooperation with the Manchuria Air Transport Company, daily service will be started between Hsinking and Seishin. Through traffic arrangements with Manchuria and North China will also be made.

Japanese Boy Scouts Discard Foreign Styles

Seeking to strengthen the patriotism of 110,000 Boy Scouts throughout the country, the Japan Boy Scout Federation Jan. 10 decided to discard foreign style uniforms and salutes and adopt Japanese attire. The reason for the action, it was announced, was to "increase the Scouts' realization of the situation with which Japan is confronted under wartime conditions." Drastic changes also will be put into effect in the organization and training of the Scouts.

Japan to Continue Policy of Eradicating "Anti-Nipponism" from China by Using Military Force

A MOMENTOUS Conference held before the Japanese Emperor in Tokyo Jan. 11 conformed the decisions previously reached at the joint meeting of the Cabinet and Imperial Headquarters, including the waging of protracted hostilities in order to "eradicate the anti-Japanese regime in China."

Recognizing that peace negotiations are hopleess, the Tokyo newspapers declare, the Government has probably decided to exterminate General Chiang Kai-shek, accord recognition to the new "Provisional Government" in Peiping, withdraw S. Kawagoe, the Japanese Ambassador to China, and appoint Masayuki Tani, formerly Minister to Austria, as high political adviser to the Peiping regime. It is hardly likely, however, the newspapers add, that other Powers will extend *de jure* recognition immediately to the new administration in North China. The newspapers also featured the apparent growth of terrorism in Shanghai.

Before attending the Imperial Conference, Finance Minister Kaya, told a meeting of the Cabinet that he was confident of successfully financing protracted hostilities against China. He referred to the "satisfactory digestion" of the large amount of bonds issued in connection with the "China Incident," the successful maintenance of the yen exchange at the rate of 1s2d., and the repeated programs calling for increases in taxation, which had not affected financial circles. All this, the Finance Minister declared, demonstrated the stability of Japan's financial resources, which were being reinforced by growing national unity and solidarity. Mr. Kaya expressed the opinion that the "collapse of General Chiang Kai-shek's regime was imminent while the new regime established in Peiping will gain in strength and stability daily." The Japanese Government and people, working in closes cooperation will certainly be able to conduct long-term hostilities, especially with progress being made in the economic rehabilkitation of North China and in the establishment of an economic bloc in East Asia, he said.

Agreement that Japan's only course was to resort to prolonged hostilities in order to obtain her original objective—the total elimination of the anti-Japanese regime in China—was reached at a three-hour meeting of the Japanese Cabinet Jan. 9.

A formal decision in this connection was taken at an extraordinary session of the Cabinet the following day.

Japan's "fundamental policy" in China in general, and in Shantung in particular, was decided at an extraordinary meeting of the Cabinet Jan. 10. While complete mystery shrouded the Cabinet's decisions regarding Shantung, they were understood to take into account the National Government's desire to protract the current hostilities as well as the rapid advance of Japanese troops in the province. The Cabinet's basic policy towards China was reported to stress Japan's intention to "eradicate completely anti-Nipponism" in that country.

Immediately after the meeting of the Cabinet, an important conference was convoked at the Premier's official residence. Taking part in the momentous deliberations were members of the "Inner Cabinet," headed by Premier Konoye, and representatives of the Imperial General Headquarters.

Included among the conferees were: Foreign Minister Hirota, Gen. Sugiyama, War Minister, Admiral Yonai, Navy Minister, Prince Konoye, and Akira Kazami, Secretary-General of the Cabinet.

The necessity of declaring war against China and of launching a more intensive campaign was emphasized by the Home Minister, Admiral Suetsugu, at the meeting, which was understood to have reached a final agreement on Japan's "fundamental policies towards China." The Admiral also urged the taking of effective steps to stop the import of arms by the Chinese Government, "thus giving China a final blow, militarily and financially." The Railway Minister, O. C. Nakajima, suggested that Japan should watch developments for some time and then should cautiously make a decision.

Gaimusho Spokesman Says Japan Is Ready for Peace or War

That the Japanese Government is "prepared for peace or protracted hostilities" is clear from official statements repeatedly made in the past, a spokesman for the Gaimusho declared Jan. 10 in commenting on the decision reached the previous day by Cabinet Members and officials of the Imperial General Headquarters regarding Japan's basic policy toward China.

The spokesman said he was not in a position to reveal the discussions which took place at that conference, but said it was understood the main part of the deliberations was devoted to deciding the policy which should be an answer to the recalcitrant attitude of Gen. Chiang Kai-shek.

In order to bring peace, the spokesman stated, the Chiang Kai-shek administration must manifest "in a concrete manner" its sincerity by abandoning a policy of anti-Japanism.

"Actually," however, the spokesman declared, "the Chiang Kai-shek government is still clamoring for a prolongation of armed opposition to Japan in total disregard for the welfare of the Chinese people.

"Therefore, as long as the Chiang Kai-shek administration persists in its hostile attitude toward Japan, the Japanese Government will continue its predetermined policy for overthrowing the anti-Japanese regime in China, which the Japanese Government regards as inimical to the peace and welfare of East Asia."

Eradication of Anti-Japonism Decided on by Tokyo Cabinet

Complete "eradication of anti-Japonism in China" was unanimously decided upon at a three-hour emergency Cabinet meeting at the official residence of Premier Prince Konoye, Jan. 9.

Stabilization of Yen Is Illusory, Tokyo Experts State

Ostensibly the Yen has been stabilized, with the rate pegged at 1s. 2d. in terms of the Pound Sterling but, in the opinion of experts in Tokyo (as ascertained by *Reuter*) the fact that the market has been stabilized is clear evidence of an aggravation of the situation. The market, it is stated, is simply being controlled by the Japanese Government.

Last January the Government introduced the Import Exchange Permit System requiring permits for remittances or covers exceeding Yen 30,000. Shortly after the outbreak of the China affair this limit was cut down to Yen 1,000. The limit was again lowered to Yen 100 last December.

In introducing the Import Exchange Permit System at the beginning of 1937, the then Finance Minister intended to put an end to the speculative imports which had been stimulated by the publication of Japan's big budget and the consequent increase in imports. Sales by the Yokohama Specie Bank at the end of 1936 exceeded Yen 300,000,000.

In spite of the enforcement of the permit system, imports mounted in proportion to the advance in commodity prices, and the Government was obliged to make larger gold shipments than originally anticipated.

Shortly after the outbreak of the China affair, the Government decided to maintain the Yen at 1s. 2d. at all costs. Mr. Kaya, the Finance Minister, after consultation with his predecessor, Mr. Yuki, now Governor of the Bank of Japan, carried out a revaluation of Japan's gold reserves and created a fund with the Yen 747,000,000 book profit so obtained to enable the adjustment of international accounts.

According to an explanation made in the Diet, Yen 327,000,000 worth of gold was shipped during the period between March and July, 1937. The Japanese Government refuses to disclose the amount shipped under the newly created gold account, but it is surmised in many quarters that some Yen 300,000,000 more has been shipped. If so, the total gold exports in 1937 totalled Yen 600,000,000.

In view of the fact that many parties had been making undesirable imports, taking advantage of the unlicensed limit of Yen 1,000, the Government cut down the limit to Yen 100 in December, 1937.

Also, in view of the fact that the Yokohama Specie Bank alone is allowed to make use of the overseas fund created by gold shipments, other banks find it extremely difficult to continue business. The exchange business is in fact virtually centralized to the Yokohama Specie Bank, and open market operations are now severely restricted.

Eventual Devaluation of Yen Is Inevitable

Experts in the Tokyo Commerce Department are of the opinion that the Japanese Government will ultimately be forced to devaluate the yen owing to the enormous expenditure entailed in the Sino-Japanese conflict. They however consider that such action will not be taken very soon, but point out that the internal finances of Japan are becoming more serious every month.

Peace Negotiation with General Chiang Out of Question, Says Kawagoe

Peace negotiations between Japan and the former Nanking Government are "out of question at present," the Japanese Ambassador, Shigeru Kawagoe told Japanese newspapermen in Shanghai Jan. 7 in one of his infrequent interviews.

Japan, he added, "should repudiate the National Government as the central administration in China." It is necessary to form a new administration in Central China areas now under Japanese military occupation, Mr. Kawagoe emphasized. The Chinese population in this part of the country, he said, "sincerely desires" the creation of such a regime.

When such a regime is brought into existence, the envoy insisted, "it must be protected from obstructive and destructive pressure which may be brought to bear upon it by the National Government."

The pre-requisite for the formation of a new Government, he declared, is its complete divorce from the old military cliques.

"A new Government," Mr. Kawagoe said, "with the financial circles as its nucleus, must pave the way for a democratic administration.

"If it depends for its existence upon military cliques, the Chinese people will never escape misery. Indeed, the people car have no desire for such a regime."

Citing to the example of the new Government in North China, "which is making a healthy progress," the envoy said a new administration which may be born in Central China must follow the dictates of the people, "while absolutely relying upon the technical and economic support and guidance of Japan."

Military Government for Former Capital of China

"Now that it is quite certain that we have to be prepared for a protracted war in China, it seems necessary for Japan to take immediate steps to strengthen her hold of the Nanking area, and assume responsibility for setting up a military government over that district," said the *Herald of Asia*, a semi-official Japanese weekly, Tokyo Jan. 7.

"That means necessarily assumption by us of a pretty heavy financial responsibility," the journal adds.

"But that responsibility," it continues, "can be made good to a large extent by taking over the Customs administration of Shanghai, as has been done in the North.

"In addition, some system of direct taxation of a light nature will be increasingly productive in proportion to the return of normal conditions, so that in the course of a comparatively short interval a fairly large amount of revenue will be provided by this source.

"In case we have to extend our military occupation to the surrounding provinces, we should follow the same procedure.

"In this way we can stay a long time, if not permanently, in occupation of the Chinese provinces with decreasing financial obligations.

"It is obvious that the Chinese population will benefit much from the continuance of our military occupation of their country, so that we should not be surprised if the effect of the fatal policy now adopted by General Chiang Kai-shek and his friends should be the presence of our troops in China for many generations to come, if not for ever."

Japanese Admiral Says Japan Seeks Liberation of Colored Races

Anti-British feeling in Japan was "due to Britain's attempt, to block Japanese economic expansion in China," Admiral Suetsugu, recently appointed Home Minister in succession to Dr. Eiichi Baba, told foreign correspondents. The interview was given following the publication of Admiral Suetsugu's interview with the publisher of the *Kaizo*, a monthly magazine, in which he said: "The object of Japan's action in China lies in ultimate co-operation between China and Japan, as enunciated by Imperial rescript and also by the statement of Prince Konoye, the Premier. Now we are going through the process of attaining that co-operation," "and the stabilisation and peace of East Asia will be established only through the close co-operation of Japan, Manchukuo and China."

Whether it meant the exclusion of the white races or not, Admiral Suetsugu went on, was an important question, which should mark a turning point in the history of the world.

"The justice and humanity, so earnestly professed by the white races, however, will end in that which is only lip service, unless all the colored races are emancipated so as to let them share equally the favor of heaven, and unless the world, now dominated by the white races, is reconstructed for that purpose.

"My personal conviction," the Home Minister continued, "is that the lasting peace of the world cannot be realized unless the colored races, now leading a miserable life under the shackles of white men, are delivered."

He deprecated, however, any hasty action which would result only in an increase of friction and antagonism, though, he said, the ultimate progress of human civilization lay in the deliverance of the colored races.

Questioned whether China, in carrying out long-term hostilities, depended, not only on the Soviet Union, but also on Great Britain, through Hongkong, Admiral Suetsugu replied:

"Regarded from the Japanese point of view, it only spells untold misfortune for China if she persists in so-called long-term hostilities, hoping against hope."

As for Japan, he added, she could not permit China to continue resistance ad infinitum. Therefore, she would be compelled to stop the fountain-head of China's resistance, even at the risk of a clash with Great Britain.

"This much is certain, however," Admiral Suetsugu declared, "China's long-term hostilities against Japan will bring no good, either for the peace of the Far East, for China herself or for Great Britain.

"Therefore, I counsel China to abandon her long-term hostilities forthwith, I, myself, am inclined to believe that Great Britain will readily listen to reason, especially since the suspension of hopeless assistance to China at this juncture does good for the Far East as a whole."

Japan was very confident, Admiral Suetsugu aserted, although the future was difficult to foretell. The establishment of enduring peace in the Orient, however, was Japan's mission, and she would overcome any obstacles to achieve her purpose.

"This is not Japan's mission alone," he added, "but the common mission of the Oriental races."

The Admiral thought it was very unlikely that the United States would co-operate with Britain in the event of a war between Japan and England.

Japan's economic position, he pointed out, was very strong and she would never be forced to surrender by a blockade, as was the case with Germany during the Great War.

In any case, he believed the prolonged warfare of resistance proclaimed by General Chiang Kai-shek was not likely to last long.

Interview Given Out Before Admiral Became Minister

A *Havas* message said that although regretting the declarations of the Japanese Home Minister, Admiral Suetsugu, well informed circles in London stress the fact that the interview was given out before the Admiral became Minister, and consequently consider that the declarations must not hinder an improvement in Anglo-Japanese relations and will not result in a diplomatic demarche.

Proletarians Support Konoye Cabinet

National solidarity and unity must be realized with Prince Ayamaro Konoye's Cabinet as the center, the executive committee of the proletarian Societ Masses Party decided at an emergency conference in Tokyo Jan. 7. The leftist organ also urged strengthening of "the wartime social policy, to stabilize national life and cope efficiently with long-term hostilities."

Japanese Cabinet Discusses China Policies

Important developments in Japan's China policy were discussed in Tokyo Jan. 7 at the first meeting of the Cabinet after the New Year holidays. No less than seven ministers reported to their colleagues on the military operations in China and their effects upon the domestic economy and morale.

Especial attention was paid to the decision of the "Inner Cabinet" to continue hostilities in China until "the National Government repents and admits the error of its ways."

Following the morning's conference, Gen. Gen Sugiyama, War Minister, made a detailed report on undisclosed matters to Emperor Hirohito.

Seeds for Cherry Trees to Be Presented to Italian and German Ambassadors in Tokyo

Ichita Kobashi, the Mayor of Tokyo, has invited the German Ambassador to Japan, Dr. Herbert von Dirksen, and the Italian Ambassador, Signor Giacinto Auriti, to the City Hall on Jan. 22, when he will present seeds for cherry trees to the two diplomats.

Japan Constructs Two Naval Transports for Siam

Two 650-ton naval transports, built to the order of the Siamese Government, were launched at the Harima dockyards Jan. 8. Within the next few days they are scheduled to leave for Bangkok on their maiden voyage.

Japanese Theatrical Couple Makes Dramatic Exit

The disappearance of a Japanese screen actress and a widely-known dramatic producer on the Soviet-Japanese border of Saghalien excited theatrical and diplomatic circles in Tokyo Jan. 6. The pair, Miss Okada, 35, and Yoshimasa Yoshida, 31, alias Ryokichi Sugimoto, vanished on Jan. 3.

Official reports said the actress and producer arrived in South Saghalien on Dec. 30, and next day went to Shika. On Jan. 2 they left Shika for the Soviet-Japanese boundary on the pretext of viewing the scenery. They arrived in Handan on Jan. 3 and asked guards to see them to the border. Accompanied by two policemen, they went from Handan to the boundary and when they arrived close to it they "dashed across to Soviet territory and disappeared," the reports said.

The arrival of the fugitives in Soviet territory was duly confirmed. The Japanese authorities made a formal request for the pair to be delivered into their custody.

Japan's Episcopalians to Break Away from Church of England

The Episcopalian Church of Japan Jan. 9 decided to break away from the Church of England as a result of the Bishop of Canterbury's address against Japan at a protest meeting in Albert Hall in London last October. It was also decided to decline financial support, received up to now, from the United States and England. This unprecedented action of Japan's 45,000 Episcopalians was forecast last Oct. 7 by leaders of the Anglican Church in Tokyo, following the participation of the Archbishop of Canterbury in a protest rally against "Japan's aggression in China," which was held in London on Oct. 5.

At that time the Japanese church leaders resented the Archbishop's action as being "in direct contravention to the principles of international justice and the traditional policy of the church to uphold peace."

Simultaneously with the severance came the resignation of the Rev. Samuel Heaslett, aged 74, as head of the Japan Episcopalian Church because of "poor eyesight." In his place the Rev. Dr. Taro Habeyasu was chosen head of the church.

Japanese Writer Cites Economic Gains as Result of Successful Operations in China

Shunsuke Takasugi, writing in the Tokyo *Yomiuri*, Dec. 24 commented: "It is a mistake to regard the Japanese economic world as having always been surrounded by adverse factors since the outbreak of the Sino-Japanese conflict. On the contrary, it has been rather in favorable circumstances. The successive victories of Japan, the powerlessness of the attempted interference of foreign countries to the extent of causing the resentment of Chinese politicians, the coming of new orders to manufacturers and flooding of bank notes in advance of further increased taxation and preceding the control that demands sacrifices upon capitalists, must be regarded as big factors permitting optimism.

With the progress of hostilities the Chinese economy has been destroyed at many places, and there is little doubt that there is no sign of an early recovery and that this will seriously affect international economy.

What Japan loses owing to this state of things is incomparably smaller than what Japan gains by her successful operations in China. It is rather strange that people should wonder why the stock market shares go up."

"China Incident" Will Cost Four Billion Yen This Year, Says Tokyo "Asahi"

The combined expenditures of the Army and Navy for the Sino-Japanese hostilities in the coming year, according to the *Tokyo Asahi*, are expected to exceed Yen Y4,000,000,000.

A small part of this amount will be covered by increased and new taxation, while the remainder will be obtained through large-scale borrowing. The Treasury has already decided to transfer Yen 97,000,000 from special to ordinary accounts to cover part of the needed funds. Of this amount, Yen 40,000,000 will be supplied by State railways and Yen 35,400,000 by the governing organs of Korea, Formosa, Kwantung, South Saghalien and the South Seas Islands

The Finance Ministry's bill for increased taxation is expected to produce Yen 300,000,000 of which Yen 100,000,000 will accrue from special taxes now in force. This special taxation will be prolonged to cope with the emergency situation caused by the "China incident." It is to be continued until the end of hostilities.

Tokyo to Send Finance Commissioner to China

Assigned to carry out investigations of Sino-Japanese economic relations, a Finance Commissioner will be stationed in China this month according to *Domei*.

The Tokyo Finance Ministry has appropriated Yen 75,000 from this year's budget and Yen 124,000 from next year's budget to open offices for a Financial Commissioner to be located in China. The most promising candidate for the post is Ryuta Ohno, Secretary of the Ministry, who recently was reinstated after his acquittal in the Teikoku Rayon scandal case.

Japan's Foreign Trade Continues to Show Adverse Balance

Japan's foreign trade for the first 10 days of this month showed an adverse balance of Yen 16,544,000, the Finance Ministry announced in Tokyo Jan. 10. Imports totalled Yen 28,678,000 and exports amounted to Yen 12,134,000. Raw silks topped the exports list with a value of Yen 1,278,000; cotton textiles, valued at Yen 1,072,000, ran second. Third on the exports list were rayon textiles, appraised at Yen 849,000. Other major items of export were: machinery, Yen 611,000; silk textiles, Yen 457,000; toys, Yen 253,000; cotton yarns, Yen 245,000; bottled and canned provisions, Yen 178,000; woollen textiles, Yen 129,000; knitted goods, Yen 120,000; lumber, Yen 80,000; pottery, Yen 78,000, and rayon textiles, Yen 27,000.

In the imports list raw cotton, worth Yen 712,000, was pushed out of first position by beans, valued at Yen 1,332,000. Third was pulp, valued at Yen 674,000, which was followed closely by bean and rape seed cakes, appraised at Yen 666,000.

Moller Ship Forced Into Japanese Fortified Waters by Foul Weather

Entering an unnamed fortified zone Jan. 8, the s.s. *Marion Moller*, owned by the Moller & Co. of Shanghai, bumped into trouble with the Japanese military authorities. Fishermen in the waters entered by the British freighter were also reported to have lodged a complaint against the alleged destruction of their nets by the ship. The value of the nets was put at Yen 2,500.

The captain of the vessel, the message said, pleaded that he was forced into the forbidden area by foul weather.

The ship was eventually absolved from espionage activities and released. The matter of damage to the nets is to be taken up later.

Military Service in Japan to Be Extended

Plans for lengthening the period of military service to two years, and a compulsory system for youths' schools were approved by the Tokyo Cabinet, Jan. 11. The measures were brought before the Cabinet Members by Marquis Koichi Kido, Minister of Education, and General Gen Sugiyama, Minister of War. A bill providing for the extension of military service for all branches of infantry to two years will be submitted to the Diet upon the reopening of its session on January 22.

The two-year conscription system was decided upon because the year-and-a-half period which has been in effect was considered insufficient for training under present conditions. The year-and-a-half period has been half a year shorter than that in effect for branches of military service other than infantry.

Those who entered the infantry service on and after Dec. 1, 1937 must remain in the Army for two years, according to the revised regulations, regardless of whether or not they have finished the regular course in the youths' schools.

Koreans Sentenced to Death for Anti-Japanese Activities

Two Korean agitators convicted of murder and burglary in connection with anti-Japanese movements in Shanghai have been sentenced to death at Pingyang, Korea, the *Shanghai United News* stated Jan. 8. A third Korean found guilty of lesser crimes was sentenced to prison for three years by the Pingyang court.

The three culprits, Jomei Yoh alias Enshoku Go, 44; Shokon Kin, 35, and Kozen Ri, 31, alias Dogen Kan, were apprehended by Consular Police in Shanghai early last year and deported to Korea. They were alleged to have carried on anti-Japanese activities on instructions from Chinese Government authorities.

The death sentence was imposed on Yoh and Kin, while Ri received the three-year prison term.

Two Koreans Arrested in Shanghai French Concession

Heralding an extensive round-up of anti-Japanese agitators in Shanghai, Japanese Consular Police arrested two Koreans in the French Concession Jan. 4 for alleged nationalist activities and participation in the Hongkew bombing outrage of 1932. The arrests were made in co-operation with the Concession police. According to the local Japanese newspaper, the two Koreans, aged about 42, are alleged to be leaders of rebellious Koreans agitating for independence, and perpetrators of the bombing in Hongkew Park on April 29, 1932 in which Gen. Yoshinori Shirakawa was fatally wounded.

Japanese police obtained clues which led to the arrest of the Koreans following the capture of Genseki Kin for the pistol shooting of Konel Ri, Chairman of the Korean Residents' Association, at the Cafe Nandesuka on Bubbling Well Road some time ago.

During the raid on the hide-out of the Koreans in the Concession, Tadao Fujii, Assistant Inspector, was injured in a scuffle with the suspects.

Huge Sales of Silver by China in 1937 Under Kung-Morgenthau Agreement

The United States Treasury's silver stocks on December 31 amounted to 2,176,000,000 ounces as a result of heavy purchases throughout the year, according to Handy & Harmon's review of the silver market published Jan. 9. Purchases during 1937 totalled 317,300,000 ounces, the report stated. The trend of the silver market during 1937 was "the narrowest on record," with only two cents difference between the highs and lows, according to the report.

Writers of the report said they understood that China's managed exchange system "continued to operate satisfactorily despite the tremendous upheaval consequent to the outbreak of hostilities."

The report explained that silver dollars no longer circulate in China and therefore predicted that "should circumstances arise to create doubts in the public mind regarding Chinese banks on currency, they would likely develop a greater demand for foreign exchange than for silver for hoarding purposes."

China's shipment of silver coins to London, the report stated probably was for the purpose of providing "a source of funds—possibly against such a contingency—but more probably in anticipation of an increasing financial strain because of current military operations."

The report estimated that China sold the United States about 100,000,000 ounces of silver under the Morgenthau-Kung agreement of last year. "Smuggling of silver from China," the report said, "has been negligible throughout the year, but certain small amounts for private accounts, totalling about 12,000,000 ounces, have reached New York and London. As part of the silver came from Manchukuo and Japan, and was in excess of local production in those areas, we classified it as being of Chinese origin."

Allowing for 50,000,000 ounces of silver shipped to the United States the report estimated that silver exports from China for the year totalled 174,300,000 ounces.

American Papers Echoed Resentment of People Over Bombing of "Panay"

(Trans-Pacific News Service)

THE deliberate sinking of the U.S. gunboat *Panay* and two Standard Oil tankers in the Yangtze River by the Japanese has brought the Far Eastern crisis leaping back across the front-page of every American newspaper today.

For the first time since Japan launched her present campaign in China American public opinion is thoroughly incensed and the average citizen echoes the stern voice of the State Department: "Japan must pay!" Although the few extreme pacifist members of Congress adopted an attitude of "I told you so" and demanded recall of all American troops and ships from China, this is decried by the nation as a "craven policy." On the other hand, opinion in general counsels against hot-headedness and talks of war.

New York papers come out this morning with facsimile of "F.D.R.'s" memorandum asking that Emperor Hirohito be personally informed of the President's deep concern over the indiscriminate bombing of American vessels. The *New Yoek Times*, which carries stories on the *Panay* incident flowing over eight pages, takes editorial note of the Government's demand for apologies and compensation and of Japan's prompt acknowledgement thereof. But the paper questions whether the third demand presented in the State Department's note to Tokyo—guarantees against a repetition of similar incidents in the future—can be satisfied as long as Japan continues her military invasion of China.

"The plain fact of the matter is that so long as a Japanese Army remains in China such guarantees cannot be worth the paper they are written on. For so long as a Japanese Army remains in China there will be resistance on the part of the Chinese people—at least in the form of guerrilla warfare—and so long as this state of affairs continues there are bound to be cases in which Japanese troops mistake the identity of their victims. Experience during recent months has been replete with cases of this kind. The Japanese Government can no more give a convincing assurance that foreigners in China will be safe from the consequences of its aggression than a burglar can give assurance that no innocent bystander will be shot when he sets out to loot a house. The only really valid guarantee that Japan can give in this matter would be the withdrawal of its invading army from the soil of China and the liquidation of this imperialist adventure."

To the American public *The Times* addresses the following advice:

"Meantime, our own Government is entitled to receive, from its own citizens, a sympathetic understanding of the difficulties of its present problem. It is easy enough to propose, as some members of Congress did yesterday, that American gunboats be withdrawn entirely from Chinese waters, leaving our merchant ships and our nationals in the Yangtze valley to their own devices. But not even the craven Neutrality Act goes so far as to lay down the theory that American ships should be forbidden to carry on a wholly peaceful trade, or that American citizens who go to the Orient as merchants or diplomats or missionaries thereby forfeit the protecting interest of their Government. The Roosevelt Administration is attempting to do three difficult things at once in China: to protect the entirely legitimate interests of American nationals, in so far as this is possible; to avoid being drawn into a war which is not of our own making, and to exert our influence in behalf of an early and an honorable settlement. In the pursuit of these objectives it deserves both understanding and support."

The New York *Herald-Tribune*, in an editorial entitled "Idle Tears in Tokio," hits more directly at the Japanese militarists, for whose acts no explanation by the Japanese Government can be satisfactory. The paper believes that it is now up to Tokyo to exact from its officers in the field something much better than the "foolish explanations" which the Foreign Office itself deprecates in advance.

The paper further expresses the belief that the bombing of the *Panay* could not have been a mistake, as alleged by Japanese spokesmen.

"Then why did they do it?" the editorial asks. "For psychological reasons at which we can only guess, but which the Japanese government can discover with certainty if it has any control left over its army and navy. These assaults, beginning with that on the British Ambassador's car, ... and finally culminating in deliberate attacks on neutral shipping, are undoubtedly inspired by propaganda within Japan's armed forces which has the tacit approval of their general officers. Frustration, resentment and a program of uninhibited frightfulness have combined to make the Japanese military folk in the field contemptuous of the rights of the Occidentals in China, and to cultivate among them a craving to express this contempt with high explosives."

Hence, the *Herald-Tribune* editorial concludes, it is the high Japanese commanders in China who should be held responsible, and a mere promise to "discipline" the airmen would not deter others from emulating them as martyrs.

"What this country has a right to demand," the editorial declares, "is that the highest responsible officers be recalled and disciplined, with full and honest publicity throughout Japan: And if it transpires that Tokio can not or dare not try to do this, there is no further point in having formal diplomatic relations with such a government. Why go to the expense of maintaining an embassy to listen to the heartfelt laments of a government that can do nothing with its armed forces but weep over these breaches of the proprieties? Let us have real evidence from Japan that her army and navy are responsible to the government with which we do business."

The *New York Sun* voices substantially the same ideas as the

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ROOSEVELT PROTESTS TO JAPANESE EMPEROR

U.S. Demands Satisfaction for Ship Bombings

U. S. GUNBOAT, 2 OTHER SHIPS SUNK BY PLANES

U. S. GUNBOAT SUNK BY JAPS

JAPAN OFFERS ABJECT APOLOGY FOR OUTRAGES

Ambassador Saito Calls Bombing 'Great Blunder'—Roosevelt 'Deeply Shocked and Concerned'—Senate Debate Flares on Withdrawal of U. S. Craft

American press features Roosevelt's Protests on the Panay incident, which were made directly to Emperor Hirohito. The accompanying article indicates the attitude of the leading newspapers immediately upon receipt of the news of the outrage.

two leading morning papers, and wonders how it shall be made certain that the tragedy of the *Panay* will not be repeated again and again. The New York *World-Telegram*, in its syndicated *Scripps-Howard* editorial, exposes the fallacy of the argument that the United States has "no business" in the Far East and should "get out"; at the same time, as in *The Daily News*, the warning is given the nation "to keep our shirts on" and avoid war passions. J. David Stern's *New York Post* stands alone in advocating in connection with the present incident the isolationist policy that the United States should "get out and stay out" of the Far East. Hearst's New York *Journal-American*, although asking the nation to keep its head, takes the occasion to advocate preparedness in air defense and delivers this warning: "Japan should remember to be **careful** instead of **sorry,** if she sincerely wants to avoid provoking America beyond endurance."

Editorial reaction is also instantaneous and spirited throughout the rest of the United States. Scoring the Japanese armed forces, the *San Francisco Chronicle* says: "But apologies are not enough for something which was very much worse than a 'mistake.' Not, of course, that American vessels were singled out for attack because they were American, but that refugee vessels were being bombed indiscriminately in a part of the river where it was known that some of them were foreign."

The *Kansas City Star* says: "Japan accepts full responsibility. Japan apologizes. But it is the Foreign Office in Tokyo that is talking. It is not the high military commands in China . . . . Time after time in the last few years the military authorities have shown only contempt for the more peaceful and conciliatory statements of the civil officials in Tokyo."

The Omaha (Neb.) *World Herald*, representative of the independent press in the Middle West, is more outspoken in its denunciation of such "horrible, shameless, inexcusable" crimes of "governments and entire peoples" and asks when and how will it all end? Admitting that there is nothing the American people more ardently desire than to keep out of it all, the paper says: "If we pick up our things and run back home to safety, how long will that safety last? If there be none to stand up for righteousness what will there be to set limits to lawless, murderous aggression against peace-loving, law-abiding peoples of the earth? . . .. Yet somehow, sometime, there must come an end to the rule and law of the jungle, else the jungle will overcome us all."

The *Arkansas Gazette*, published in Little Rock (Ark.) sees in the *Panay* incident a blow to Chinese morale because it will reveal America's inability to do anything now that one of her own naval vessels has been sunk by Japanese airmen, not to mention any support to China in her struggle against Japanese aggression. The paper continues: "The sinking of the *Panay* may well prove to be more than a blow to American prestige in the Orient. Italy and Germany, Japan's fellows in a world fascist bloc, may find in it further evidence to support the belief in which they have been proceeding—that the "fat-bellied democracies" are afraid to stand up for their rights against fascist affronts and aggression."

The *Dallas (Tex.) News* points out the very probable truth in the situation "that military jingoism in the Japanese Army, feeding on a blood-whetted appetite, has reached the stage of truculence to which conquering armies are invariably prone." Pending action from Tokyo, the paper believes "what must be determined in advance is what action will be taken if the Japanese reparation is not satisfactory."

The *Idaho Statesman*, Senator William E. Borah's home-town paper, predicts that the forthcoming apology from Japan will only be "in a veiled and ambiguous form" but then "every one will sit back sans excitement—until Japan sinks another of our warships."

New York, Dec. 14, 1937.

Former Shanghai Colleges Remove to Kweichow

The Union University (of the Ta Hsia and Fuh Tan, both formerly in Shanghai) may now be regarded as definitely transferred to Kweiyang, writes the *North China Daily News* correspondent from that city. In addition to many students returned from Shanghai, Peiping and other centres on account of the war in the east and north, quite a good number of people from the eastern provinces are now proceeding to Kweiyang as it is thought to be so much safer than those provinces.

Robbers in Kweichow Show Little Patriotism

Some time ago, a German priest of Kiuchow (where Mr. and Mrs. Hayman were captured by the Communists) was captured, after being shot in the foot, by robbers and taken off; no news has been heard of him since, so it is supposed he is still in their hands. Recently two Chinese business men of Anshun were carried off by robbers, one while travelling to the south of that city and one at or near Yaopu, 30 li (ten miles) from Anshun on the big motor road to Yunnan. It looks (says the *N.C.D. News* correspondent) as if these gentry are not very patriotic to behave so at such a time as this.

Suggested Measures for Deterring Japanese Aggression Against China

The Press Bureau of the Chinese Delegation in Brussels has suggested the following economic and financial measures to be taken against Japan in order to thwart her aggression in China:—

1.—*Embargo on the supply to Japan of materials essential for war or industrial purposes.*—Inasmuch as Japan depends to a very great extent upon foreign sources for the supply of materials both for war and for industrial purposes, economic measures aiming at cutting off or interrupting the supply of such materials, or, to begin with, certain principal items, will therefore produce some salutary effect upon her.

2.—*Boycott on Japanese exports and Japanese shipping.*—Japan also depends very largely upon her exports and, to a lesser degree, upon her shipping to provide outlets for her expanding industries and to find means for the payment of her foreign purchases. A refusal to admit all or certain of her exports and to make use of her shipping will have the effect of not only disorganizing her industries but also depriving her of the means of obtaining necessary foreign credits.

It is to be observed in this connection that while an embargo on Japan's imports will undoubtedly involve a loss to many of the participating Powers, yet a boycott against Japan's exports will, none the less, constitute to a large extent a gain for them.

3.—*Refusal to give credits to Japan.*—Since it is a well known fact that Japan's present campaigns in China involve a heavy drain on her financial resources and that the Japanese Diet will again be called upon to vote for further large appropriations to cover the cost of military adventures, to deny her any opportunity of obtaining a foreign loan or otherwise procuring credits from foreign sources will render the economic measures, as indicated in the two foregoing paragraphs, more effective.

4.—*Economic and financial measures to be taken by a certain number of countries.*—Japan's sources of supply of raw materials and credits, on the one hand, and the markets for her exporting trade, on the other, are, as already shown above, highly concentrated on a few countries. Therefore, if economic and financial measures are agreed upon and taken by a number of countries principally interested in the Far East, including the U.S.A., the British Empire, France and Indo-China, the Netherlands and East Indies, and Belgium, the possibility of a transfer of demands, that is, of obtaining certain essential supplies or credits from other sources by Japan, is indeed very limited, while the chances of finding enough markets elsewhere to compensate her losses thus sustained appear altogether out of the question. While the collaboration of other countries is uncertain, that of Soviet Russia is at the same time certain and essential.

5.—*Likelihood of social disturbances in Japan*:—(a) The threat of bankruptcy, as a result of embargo or boycott, of great industrial interests against whose wishes, so far as is known, the "war" is being made, (b) the increasing unemployment due to disorganization of Japan's industries, (c) heavier tax burdens and (d) higher cost of living due to rising prices, may combine to bring about serious social disturbances in Japan.

6.—*Japan's Inability to replenish her exhausting stocks.*—Even if it be true that Japan probably has (a) ample stocks of raw materials on hand to last for some time and (b) a good-size gold reserve to be drawn upon for making purchases abroad, in spite of the eventual shrinking of her export trade due to embargo or boycott, it does not, however, follow that Japan can afford to use the whole or even a greater part of this reserve for financing her aggressive campaigns against China. The mere fact that Japan will be unable to replenish this stock will most probably compel her to reconsider her present attitude and policy towards China.

7.—*Certain other factors conducive to the effectiveness of some economic and financial measures*:—(a) Heavy military expenses, (b) growing national debts, (c) severe adverse trade balances and (d) unceasing drains upon her rather limited gold reserve, all tend to undermine her economic structure and thus to weaken her power of withstanding any economic and financial measures that might be applied to her at this critical moment.

8.—*Extension of aid to China.*—Finally, for the purpose of strengthening China's power of resistance against Japanese aggressions, an arrangement should provide for the extension of aid to China from the participating Powers principally in the matters of arms, war materials and financial help.

Netherlands Re-Engages Officers Owing to Deficiency in East Indies

Retired officers who served in the Netherlands Indies are being re-engaged for services in consequence of a temporary deficiency in officers in the East Indies army and havy, according to an announcement made by the Netherlands Government at The Hague, Jan. 7. A report that military and naval leave in the East-Indies has been cancelled was denied.

More Than Four Hundred Foreign Volunteers Now Reported Fighting for China

At the end of December, 1937, there were altogether 451 foreign volunteers fighting for China, according to reports obtained by the *Eastern Daily News*. These volunteers are of the following nationalities: Americans, 152; French, 124; Soviet Russians, 115; British, 55; Others, 5, making a total of 451.

It is reported that one French and one Soviet Russian volunteer have been killed in action, and one American volunteer wounded.

The British volunteers, it is reported, are not from England. They are mostly from the British Dominions, including Australia and Canada. The American volunteers include seventeen negroes.

Ninety per cent of these foreign volunteers are aviators. Their ages range from 21 years to 39. Special treatment is accorded them by the Chinese Government, and an aviator is given a reward of from U.S.$5,000 to U.S.$10,000 for each enemy plane brought down. Special compensation and pensions will be paid for those wounded or killed in action.

Besides the above there are more than two hundred "White Russians," all of whom are naturalized as Chinese citizens, fighting for China side by side with the Soviet Russian volunteers.

More than 200 Soviet Pilots Said to have Reached Canton

More than 200 Soviet pilots have arrived in Canton in recent weeks to join the Chinese air force, according to foreign press reports received in Tokyo Jan. 6.

Star Athlete Joins China's Air Force

Fu Pao-lu, the star pole vaulter, arrived in Nanchang last week from Hankow to enroll as a cadet of the Aviation School. He said that during the present campaign of resistance, it is the duty of all athletes to serve the country by joining the army.

Local Japanese Collect Yen 92,677 for Planes

Contributions for the purchase of one plane each for the Army and the Navy by Japanese residents in Shanghai totalled Yen 92,677.19, the *Shanghai United News* reported Jan. 8. The fund was opened on Dec. 18.

Chekiang Guild Donates One Million Dollars to Airplane Fund

The Shaoshing (Chekiang) Guild in Canton Jan. 10 decided to sell its properties, valued at one million dollars, and contribute the entire proceeds to the Central Government for the purchase of airplanes.

Chinese Militia Women Being Trained in Hunan

Twenty-thousand Chinese "Amazons" are receiving rigorous military training in camps on the shores of lake Tungting, Hunan, preparatory to their inclusion in the National Army, according to recent message in Tokyo newspapers. This feminine force, the messages added, form the nucleus of an eventual army of 1,000,000 women, which is to wage war on Japan.

Chinese accounts stated that these Chinese young women are mostly from Hunan, Hupeh, and Kwangsi provinces. They take three more courses than the young men, these being: nursing and "first aid," mass training, and "special" work. They are being trained along the same lines as the young women at Yenan, Shensi, and it is reported that they will be sent to work side by side with the other troops in the near future. Miss Hsieh Ping-yin and Miss Hu Lan-kwei and other famous writers, are reported to be connected as teachers with these military camps for women.

Londoners Display Little Emotion When "Panay" Bombing Pictures Shown

British audiences in the six largest West End motion picture theatres and several news reel theatres in London Jan. 6 watched the first showing of pictures of the fatal Japanese bombing of the American gunboat *Panay*. The *United Press* said the majority of West End autdiences proved to be sophisticated crowds, failing to display much emotion and showing only a little more feeling than at an ordinary newsreel.

Certain cuts were made before the film was included in the weekly news reel and released for public exhibition, *Trans-Ocean* printed out.

Japanese Gunboat Seizes Food Cargoes Near Hainan Island

Five cargo boats, transporting foodstuffs, were attacked Jan. 8 by a Japanese gunboat near Mencheong, north-eastern Hainan. A shell made a direct hit on one of the vessels, killing three of the crew. The Japanese marines then seized all the foodstuffs on board the vessels.

Kwangsi to Help in Defense of Kwangtung

It is understood that General Pai Chung-hsi has returned to Kweilin, the Kwangsi Provincial capital, to mobilize a large force of fresh Kwangsi troops—a part of which will be despatched to Kwangtung to assist in the coastal defense and the remainder to reinforce the Government units in the North China and Yangtsze River fronts.

Kwangtung Defense System Established

Alarmed by rumors of a possible attack on Kwangtung Province by Japanese troops, military leaders of the province Jan. 6 decided to strengthen its defenses by creating a system of special resistance areas and mobilizing "local militia" for them. The plan was decided upon at a series of conferences called by Gen. Yu Hanmou, Commander-in-Chief of the troops defending Kwangtung. According to the scheme, littoral zones of the province will be divided into seven special defense zones to be guarded by local residents ranging in age from 18 to 40. These defense areas will be subdivided into other districts, each of which is to include three hsiens.

Military Conscription Campaign Launched in Kiangsi

By order of the Kiangsi Provincial Government, a publicity campaign for the enforcement of military conscription has been launched in the various districts throughout Kiangsi province.

Kweichow Communications to Be Accelerated

The Central authorities have appropriated $3 millions for improvement of the system of communications in Kweichow, according to Wu Ting-chang, former Minister of Industry and newly appointed Chairman of the Kweichow Provincial Government.

Kiangsi Mobilizes University Students for War Service

A special University Students Corps, for service in the war zone, has been organized by the Kiangsi Provincial authorities. 1,200 students have enrolled. Divided into 83 detachments, the Corps will devote its attention chiefly to organizing and training the masses in the war zone, with a view to pacifilitating the campaign of resistance.

New Canton-Hongkong Highway Is Opened

The new highway between Hongkong and Canton was opened for the first time Jan. 7 when two cars arrived in Hongkong from Canton, one containing A. P. Blunt, the British Consul-General. Both cars were bedecked with Union Jacks, owing to the danger of Japanese bombing.

2,000 Foochow Students Receive Military Training

More than 2,000 high school students in Foochow have been organized into three detachments, and will receive military training under the local authorities.

Heavy Japanese Concentration at Haining

A large Japanese army concentrated at Haining, 29 miles north-east of Hangchow on the northern bank of the Chientang River, last week. The Japanese plan to cross the Chientang River at Haining and launch an attack on Siaoshan and Shanhing, on the Shanghai-Hangchow-Ningpo Railway, with the assistance of Japanese naval units, a *Kuo Min* message stated.

Resumption of Major Fighting Expected Along Chekiang-Anhwei Border

Major operations on the eastern front are expected to be renewed on the Chekiang-Anhwei border, a *Kuo Min* message from Hankow Jan. 10 stated. In view of the tense situation at Hangchow and the increasing activity of Chinese guerillas in the middle section of the Nanking-Hangchow Highway, the Japanese military authorities are recalling their troops to Hangchow. Instead of advancing northwards along the southern section of the Tientsin-Pukow Railway and the Huainan Railway, Japanese reinforcements from northern and eastern Anhwei are en route to Hangchow in order to lift the siege of the Lake city now surrounded by Chinese troops, it was stated.

Japanese Counter-Attack in Hangchow Sector

In conjunction with the Japanese garrison units scattered in various parts of the Hangchow area, a furious counter-attack was launched by the Japanese troops at Kienkiao, 7 miles north-east of Hangchow, on the Chinese forces, Jan. 4. Sanguinary fighting raged throughout the night and the following morning. A large fleet of Japanese airplanes assisted the Japanese land forces in bombarding the Chinese positions.

Skirmishes in Hangchow Sector

Skirmishes occurred between the Chinese and Japanese troops north of Fuyang, 20 miles south-west of Hangchow, the Chekiang provincial capital, Jan. 6. Fighting also took place at Nansingkiao, station of the Shanghai-Hangchow-Ningpo Railway, south of Hangchow, and Hupaoshan (mountain), in the West Lake region, outside of the city.

Tsingtao Occupied by Japanese Without Resistance

The vanguard of a Japanese naval landing party completely occupied Tsingtao at 3.10 p.m. Jan. 10, without encountering any resistance, a *Domei* message stated. Prior to the occupation of the port Japanese aircraft distributed handbills urging Tsingtao citizens to give over the city peacefully to Japanese forces. The handbills dropped by the planes directed that white flags should be hoisted over the public buildings, that Chinese police should be concentrated in an area especially assigned for them, and that Chinese representatives should go to the Tsingtao Shrine to start negotiations with the Japanese forces.

Those who surrendered to the Japanese would be pardoned, but those who resisted would be severely punished, the handbills stated.

Following the occupation Japanese commanders announced that they would respect the rights and interests of third parties in the city.

They also urged that all foreign residents take refuge in the safety zone designated.

The Japanese bluejackets immediately started operations to maintain order in the city.

Foreign Body Co-operates with Chinese in Governing Tsingtao

A new body, known as the "Foreign Community Emergency Committee," had been formed to co-operate with the China Merchants Association in the administration of Tsingtao. E. H. Gordon, of the Hongkong and Shanghai Bank Corporation (a Briton), was chairman of the new body. W. S. Elliott, an American, was secretary, and F. G. Keefe, also an American, was treasurer.

Theodore Antoschowitz, a German, who held the post of Chief Inspector of the Tsingtao police, resigned as a protest against the action of the Chinese police in selling recovered loot in order to pay their own salaries, which are in arrears.

The Chief Inspector handed in his resignation also because the Chinese police demanded protection money from property owners, posting notices saying "protected" or "unprotected" on such property.

Mr. Antoschowitz joined the Tsingtao police 39 years ago, and was taken prisoner of war in 1914 when the Japanese occupied Tsingtao. He rejoined the police force in 1926.

Occupation of Tsingtao Cheers Japanese Evacuees in Tokyo

News of the Japanese occupation of Tsingtao brought joy to thousands of Japanese who formerly lived in the Shantung port and had evacuated to Tokyo at the beginning of hostilities with China, a *Domei* message from Tokyo Jan. 10 stated.

General Chiang Orders General Han Fu-chu Not to Retreat Without Instructions

General Chiang Kai-shek, Commander-in-Chief of China's armed forces, Jan. 6 instructed the troops under Gen. Han Fu-chu, Governor of Shantung, not to retreat without instructions. As a result, the Chinese troops who evacuated from Yenchow are stated to have returned and to have clashed with the Japanese forces entering the city.

Preparations Made for Return of Japanese to Tsingtao

Much speculation was aroused in Tsingtao Jan. 6 by a Tokyo broadcast stating that the Japanese Consul-General, Mr. Otaka, who was then in Japan, would be returning to Tsingtao shortly. Mr. Otaka is expected to make a preliminary survey of the damage suffered by Japanese property at the hands of the Chinese. He is also expected to pave the way for the return of the 23,000 Japanese nationals who evacuated from Shantung as a result of the Sino-Japanese hostilities.

Chinese Soldiers Evacuate Chefoo

All Chinese soldiers evacuated Chefoo last week. Earlier messages indicated that Japanese planes made frequent observation flights over the city.

Guerilla Operations Next on the Program

Orders were given for the Chinese police and Public Safety Corps who evacuated Tsingtao to form themselves into small bands for guerilla operations along the Tientsin-Pukow Railway.

Chinese Reinforcements Pass Lincheng

Chinese reinforcements moving north along the Tientsin-Pukow Railway from Hsuchowfu were stated to have passed Lincheng, notorious for the hold-up of the Blue Express in 1923 by bandits under Sun Mei-yao who kidnapped and held more than twenty foreigners for ransom for about a month. Lincheng is south of Yenchow.

According to Chinese reports, gunfire was audible at Tsouhsien, fourteen miles south of Yenchow.

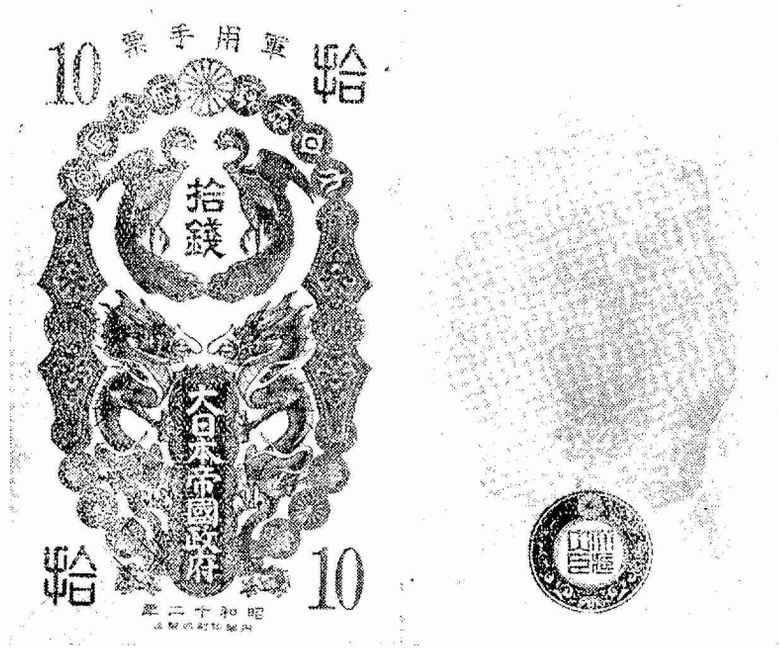
Germans Watch Japanese Occupation of Tsingtao

The Japanese occupation of Tsingtao has made a deep impression in Berlin, particularly in view of the fact that the city was once a German Colonial possession, a Berlin dispatch said. German political circles are now wondering whether it will be a prelude to far-reaching and decisive activity by the Japanese Fleet, which may involve a menace to Hongkong.

The newspaper *Der Angriff*, the Berlin organ of the Labor Front, says:

"Will the British watch with folded arms the loss of the tremendously important regions around Hongkong? That is the most critical question in international politics today. Great Britain's rearmament came too late, but that of America has come still later."

CURRENCY OF THE JAPANESE ARMY



Enormous quantities of fractional paper notes, similar to the above sample, have been shipped to China for use in paying Japanese soldiers and have accumulated in Japanese banks in Shanghai, Tientsin and Peiping. The front of the 10-sen note, shown above, states that it was issued for the use of soldiers by the Treasury Department of the Japanese Government. The note was printed by the Cabinet Printing Bureau. The back of the note (right) contains the official seal and states that when presented the receiver must give bearer its value in merchandise. Those counterfeiting the note will be severely punished.

Japanese Naval Sentries on Duty at Public Buildings

Japanese naval sentries are now on duty outside various Chinese public buildings and utility concerns. Their control is not being opposed, and there has been a no sign of incidents disturbing to the peace. Civil Japanese authority is being maintained under the Japanese Consul-General, S. Otaka. Mr. Otaka, accompanied by his staff and a dozen civil, military and naval officials, came ashore Jan. 11 and reopened the Japanese Consulate-General.

Fifteen members of the British Chamber of Commerce called for that morning at the Chinese Municipal Building (where high Japanese officers have established their headquarters), were prevented from entering by Japanese marines.

Replying to a question, the Japanese Admiral in command of the Landing Party said: "All the interests of the Nanking Government and the Municipal Government have been taken over by us."

The Japanese have approached Herr Antoschowitz with a view to his resuming his post as Chief Inspector of the Tsingtao Police.

A. R. Hogg, the British commandant of the volunteers, informed the Admiral that the foreign guards at the waterworks, the only ones still on active duty, were being withdrawn. Mr. Hogg made a plea for the Chinese railway guards, who, he said, had risked their lives to defend Japanese property. The Admiral replied: "The railway guards need have no fear for their lives."

Although all Japanese cotton mills in the suburbs of Tsingtao were looted and burnt down by Chinese troops, almost almost all Japanese private houses are intact.

Japanese to Attack Hsuchow by Three Routes

A *Kuo Min* message from Hsuchow Jan. 9 stated that several Japanese transports, loaded with soldiers, had arrived off Lienyunkiang, the eastern terminus of the Lung-Hai Railway in northeastern Kiangsu, and were attempting to effect a landing at Haichow.

It was understood that the Japanese had decided to attack Hsuchow, the important junction of the Tientsin-Pukow and Lung-Hai Railways in northern Kiangsu, from three directions. One column would advance northwards from Chuhsien, 31 miles north-west of Pukow, along the southern section of the Tientsin-Pukow Railway; the second column would descend southwards along the Tientsin-Pukow Railway from Yenchow, midway between Hsuchow and Tsinan, the Shantung provincial capital; and the third column would advance westwards along the Lung-Hai Railway after landing at Haichow.

A *Reuter* message from Hankow Jan. 8 stated that the Lunghai Railway, China's "jugular vein," promises to be the scene very shortly of the biggest battle of the Sino-Japanese war. The strongest defense works in the whole of China have been built there, construction having begun after the Mukden Incident in September, 1931. Two Japanese armies, one from the north and one from the south, are now fast converging on Hsuchowfu, the strategic city at the junction of the Lunghai and Tientsin-Pukow railways.

The army from the north at the time were nearing Lincheng, notorious for the hold-up of the Blue Express in 1923 by Chinese bandits, who kept more than 20 Britons and Americans capitve for about a month.

General Li Tsung-jen, the famous Kwangsi commander, has mustered an army of about 100,000 troops to stem the Japanese onslaught.

At least four crack Kwangsi divisions were concentrated in the vicinity of Hsuchowfu. One of these divisions was recently sent to Tsingtao to defend the port, but it returned to Hsuchowfu following the Government's decision to evacuate Tsingtao.

In addition to the Kwangsi troops, who are nationally known for their bravery and discipline, the Central Government divisions which withdrew from the Nanking area were also concentrated at Hsuchowfu.

Japanese Attack on Tsining Repulsed at First

A Japanese attack on Tsining, strategic city on the Yenchow-Tsining branch of the Tientsin-Pukow Railway in south-western Shantung, was successfully repulsed Jan. 9 by the Chinese defenders, a *Kuo Min* message from Hsuchow Jan. 10 stated.

But the Japanese were successful in a later attack and the occupation of that city brings them within striking distance of Kweiteh, on the Lunghai Railway, midway between Hsuchowfu and Chengchow, where the Lunghai line crosses the Peiping-Hankow Railway. The defense works on the Lunghai Railway were built under German guidance, but an unhappy feature from the Chinese viewpoint is that they were only prepared for an attack from the north.

When construction was started after the Mukden Incident, no one anticipated that an attack might come from the south, as happened to be the case.

Harassed on their flanks by the attacks of Chinese mobile units and checked in their frontal thrusts by the reinforced Chinese forces, the Japanese army driving toward the strategic railway city of Hsuchow is making little headway, reports received in Shanghai Jan. 21 indicated.

During the previous few days, the Chinese forces, strengthened recently by reorganization and reinforcements, had been engaged in offensive tactics in order to enable them to successfully stem the southward drive of the Japanese troops against the Lunghai railway.

Chinese Troops Under Gen. Ou Shao-lien Defend Hsuchow

Gen. Ou Shao-lien, famous divisional commander of the 19th Route Army defending Shanghai during 1932, is now commanding the defense of Hsuchow city, the *Lih Pao* of Jan. 7 stated.

Japanese Troops in Paoting Transferred to Shantung

The major portion of the Japanese troops stationed in Paoting, the Hopei provincial capital, have been transferred eastwards to Shantung to participate in the southward drive along the Tientsin-Pukow Railway, a *Kuo Min* message from Linfeng Jan. 10 stated.

Japanese Attempt to Cross Hungtse Lake

Several hundred Japanese troops Jan. 7 appeared in the Chuyi district, 60 miles east of Pengpu on the southern bank of the Hungtse Hu (lake), in northern Anhwei. More than 50 junks were commandeered by the Japanese, whose object was to outflank the Chinese forces at Tsingkiangpu, important city on the Grand Canal in northern Kiangsu, after effecting a landing on the north-eastern bank of the lake.

Japanese Bomb 60 Armored Cars in Southwestern Shantung

More than 60 Chinese armored cars, spotted by the Yamase air unit Jan. 7 in southwestern Shantung, were destroyed by bombs, Japanese military authorities in Tsinan claimed.

The Kuwata flying column occupied positions 4 klms. east of Tsining, regarded as the "key" to Hsuchow, on the night of Jan. 7.

Haichow Is Destroyed by Chinese Authorities

Following up its "scorched earth" policy, the Chinese military authorities destroyed the wharves, the railway stations, and important economic structures and public buildings at Haichow, the terminus of the Lung-Hai Railway, on the coast of Kiangsu, a Hankow message of Jan. 7 stated.

Readjustment of Han Fu-chu's Troops Completed

Readjustment of the units of the 3rd Route Army under General Han Fu-chu, Chairman of the Shantung Provincial Government, has been completed in southern Shantung, a *Kuo Min* message from Hsuchow Jan. 10 stated.

General Han Fu-chu was reported to have indicated that he was unable to hold Tsining, as "he could not hold Tsinanfu."

General Han Fu-chu Reported by Japanese to Be in Kaifeng

Gen. Han Fu-chu, Chairman of the Shantung Provincial Government, has sought safety in Kaifeng along the Lung-hai Railway in northeastern Honan Province, according to a *Domei* message from Taian Jan. 6.

Chinese Troops Said in Full Retreat in North China

Half-a-million Chinese troops were reported to be in full retreat along the entire North China front, a *Domei* message from Tientsin Jan. 9 stated. Meanwhile, Chinese troops massed in southern Shantung were reported to be rapidly retreating towards Hsuchow, where strong defense works have been under construction for the past five years.

Gen. Yu Hsueh-chung's troops, which together with Salt Revenue Guards were responsible for the destruction of Japanese property in Tsingtao, were reported to be evacuating Shantung for new positions, between Hsuchow and Kaifeng, Honan.

Pengpu Bombed— Heavy Casualties

Pengpu, strategic town in northern Anhwei, was raided by eight Japanese airplanes Jan. 9. More than a hundred bombs were dropped, killing or wounding over 150 people. Several hundred houses were destroyed by incendiary bombs.

Tsingchow Magistrate Allegedly Flees South

Upon the capture of Tsingchow by the Nagano unit of Japanese infantry, the Chinese magistrate of the town, who had been resisting the Japanese, fled with his 300 subordintaes to Linchu, a *Domei* message from Tsinan stated.

Chinese Flood Victims Aided by South Manchuria Railway

Going to the relief of the Chinese inhabitants of Hopei Province, which has been stricken with the worst flood in six years, the South Manchuria Railway Compnay Jan. 10 donated Yen 200,000 to the government for rehabilitation work, a *Domei* message from Peiping stated. The sum was given to the Executive Commission of the Provisional Government of the Republic of China.

Outer Mongolians to Enter Struggle on Side of China?

The *Sao Tang Pao*, organ of the Chinese Army in Hankow, Jan. 11 said that the Central Government had made Outer Mongolia a regular war zone, under the same system as other war zones in China proper.

The chairman of the Outer Mongolian Government, the paper added, had been named commander-in-chief of the Outer Mongolia and would very soon participate in the hostilities with Japan, as a part of the Chinese Republic.

Why the Japanese Naval Landing Party Wishes to Take "Self-Defensive" Measures

Being "part and parcel" of the Japanese Expeditionary Force in China and "consequently exposed to attack by Chinese in all sorts of ways," the Japanese Special Naval Landing Party in Shanghai feels that it should take self-defensive measures within the Settlement similar to those taken by troops in occupied areas."

The above declaration was made by a Japanese Embassy spokesman Dec. 28 in reply to a newspaperman's questions regarding the status of the Landing Party as a defense force of the International Settlement, in the light of regulations concerning acts against the Japanese forces issued by Vice-Admiral Hasegawa, Commander-in-Chief of the Japanese China Sea Fleet.

"The Landing Party is a component part of the Japanese forces now engaged in hostilities with Chinese troops," the spokesman stated. "Consequently, it must take similar steps for self-preservation as do other Japanese units."

New Life Movement in Szechuen Finds Practical Support

BY HIN WONG

THE New Year 1938 will see Chungking, the seat of the National Government of China pending the restoration of Nanking as China's capital, becoming more important in other phases of life than political. Officially Chungking is also to be the headquarters of the New Life Movement, the organization sponsored by General and Mrs. Chiang Kai-shek for the moral regeneration of the people as well as for the economic reconstruction of the Nation.

The Bank of Communications, one of the oldest and most patronized modern institutions in China, is opening a strong branch in Chungking on New Year Day, at the same time as the Shanghai Commercial and Savings Bank—a household institution to many small shops in Shanghai until very recently, due mainly to its every attempt to facilitate the less wealthy section of the community there.

Boy Scouts of China will have their headquarters in Chungking like the National Buddhists Association which, too, has found Nanking now no longer a place at home to its followings. Present in Chungking these days are Tai Chi-tao, vice-president of the Boy Scouts Association of China; and General Chu Ching-lan, a leading Buddhist who is chairman of the National Relief Commission, who himself, when civil governor of Kwangtung a score of years ago, was also president of the Canton Boy Scouts.

New Year in 1938 also finds more than 1,200 boy and girl scouts in Chungking under a special training course for wartime service.

The present self-defense war in China is forcing many to change their manners of business and living, including those in Chungking, the wartime capital of China. Instead of closing shop here early, many have announced that their business hours will last from eight in the morning to 7.30 in the evening.

Old Cemeteries at Pahshien to Be Abolished

Hochwan, a district near Pahsien, not far from Chungking, will do away with many old cemeteries, for which large areas have been occupied not only without any productive value, a bad custom found in the west but also in other parts of China. It is hoped that many graveyards will soon be turned into fields, producing foodstuffs and other articles helpful to the people.

While local governments are planning for local reforms and improvements, the Provincial Government of Szechuen is working hard to have started the construction of the long projected Chengtu-Kunming line of the Szechuen-Yunnan Railway.

Due to lack of transportation facilities, articles possible for export are being stored up without demand. Vegetable oils once easily sold for $30 a picul now cannot get an offer of $19, as there is no way out through to Shanghai; and the bus and truck service between Szechuen and Hunan, Yunnan, and Kweichow cities is too costly for this product. Wood or tung oil is in a slump for the same reason. Moreover, to save gasoline and other oil useful to the defense-war, private hire car and truck traffic is being greatly reduced. In Chungking alone, some 100 or more private hire car drivers will be forced out of employment by the beginning of the New Year.

More than 20 stock and exchange brokers from Shanghai have arrived at Chungking and they will join the local stock exchange, the membership of which will soon increase from 25 to 50.

Since the beginning of the Sino-Japanese war, the prices of all tobacco products have been increased by nearly 300%; and the local authorities are trying to "tax" out this luxury, especially cigarettes, if possible, by a further impost; but the dealers have been opposing it. The tax collectors are at present prosecuting a score of shops for non-payment of the increased taxation.

Opium Still a Problem in Szechuen

Many Szechuenese are still addicted to the deadly opium, and the authorities in Chungking and elsewhere have been warning the public that new smokers would be put to capital punishment. According to the policy of gradual abolition of the drug traffic, certain districts in the province may still plant the poppy, and the officials are getting $300 per picul in the form of export tax.

In view of great demand for manufactured goods which have been (but not now) coming from Shanghai and other Yangtze ports, the Szechuen provincial authorities at Chengtu and Chungking are encouraging a return to handicraft, which have double advantages, the employment of more persons locally and the revival of lost trade. The Szechuen Government will supervise the opening in Santai and other cotton-growing districts, some 37 in all according to latest statistics, hand-spinning establishments, each to be provided with $3,000 as capital; and the backers are trying to raise $10,000,000 for this purpose. Cotton yarn used to be imported from Shanghai, but it is now impossible to do so.

Soviet Russia will be the first to transfer the embassy from Nanking to Chungking, the temporary seat of the Chinese National Government, it is reported here.

Arriving in Chungking and Chengtu these days is a number of teachers from the war zone, and to offer opportunity to them to continue their good work, the Szechuen authorities are finding suitable sites around Chengtu where they may organize a large middle school.

Taking advantage of the presence of many experts and technical men in the province, the Szechuen Government will try to push ahead some of the schemes for which they have not been able to receive the best help, including the improvement of the sugar and other industries. Better knowledge, or war conditions, have led the Szechuen people to discover that coarse rice is more nutritious than the polished and by using the former, it would not only become more suitable both from the health and also from the material point of view. By milling the rice to a fine or white looking quality, loss of five percent in weight is caused, and this means the loss of 500,000 piculs of rice to the people annually, at least, in this province, a considerable amount in wartime, or $7,000,000, roughly speaking.

Chungking, December 29, 1937.

Central Political Training Institute Establishes Branch in Yunnan

The Central Political Training Institute, of which General Chiang Kai-shek, President of the Military Affairs Commission, is Principal, has decided to establish a branch at Kunming. The Institute was removed to Kiangsi from the Capital prior to the occupation of Nanking by the Japanese.

Yang Hui-sun, representative of the Institute, arrived in Kunming last week to make the necessary preparations.

Chen Chieh, Administrative Vice-Minister of Foreign Affairs, and Chou Ping-lin, Administrative Vice-Minister of Education, accompanied by the senior staff officials of the two Ministries, arrived in Chungking Jan. 8 from Hankow.

Chen Kuo-chun, newly-appointed Mayor of Changsha, formally assumed office Jan. 6.

Lu Tso-fu, newly appointed administrative Vice-Minister of Communications, and Chin Fen, Secretary-General of the National Economic Council, arrived in Chungking from Hankow by plane Jan. 9.

Numerous Shifts Made of Army Officers

Mandates issued by the National Government at Chungking Jan. 7 provide that: Tung Ting-hsiang, Commander of the 100th Brigade of the 34th Division; Hsieh Chu-Tsai, Commander of the 102nd Brigade of the 34th Division; Li Lang-sheng, Commander of the 200th Regiment of the 100th Brigade attached to the 34th Division; and Wang Chih-chiang, Commander of the 203rd Regiment of the 102nd Brigade attached to the 34th Division, having been appointed to other posts, are to be relieved of their respective duties.

New Officials Take Office at Chungking

Besides Dr. H. H. Kung, the new President of the Executive Yuan, the following newly appointed officials also assumed office at Chungking Jan. 4: General Chang Chun, Vice-President of the Executive Yuan; Dr. Weng Wen-hao (Oong Wen-hao), Minister of Economics; and Chen Li-fu, Minister of Education.

Dr. Sun Fo, President of the Chungking Government's Legislative Yuan, departed from Singapore Jan. 9 for Amsterdam by air. He was reported to be on a "secret mission" to Europe.

Soviet Ambassador to Present Credentials Jan. 7

Ivan Luganets-Orelsky, the new Soviet Ambassador, will present his credentials to President Lin Sen at Chungking on Jan. 17, it is officially announced. Escorted by Dr. T. T. Li, Director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs, the Ambassador will depart from Hankow for Chungking by airplane in time for the ceremony.

Colonel Chiang Ching-kuo Appointed to Post in Kiangsi?

The *Sin Wan Pao* says Colonel Chiang Ching-kuo, the eldest son of General Chiang Kai-shek who returned to China from Soviet Russia last year, has been appointed Deputy Director of the Peace Preservation Headquarters for Kiangsi province. Colonel Chiang was recently reported to have gone to Outer Mongolia on instructions from his father and to have subsequently led a large Outer Mongolian force to North China.

Changchow Said to Be Returning to Normalcy

Local Japanese reports state that Changchow is rapidly returning to normalcy under the guidance of the recently created Autonomous Commission—comprised of 13 members, which was organized in the Shanghai-Nanking Railway city on Dec. 29, with Chiu Yu-chien as chairman and Ming Jui-lung as his assistant. Among the rehabilitation projects undertaken by the Commission were the repairs to the electric supply facilities, adoption of a census registration system, housing accommodations for refugees, and establishment of a residential district for Japanese. Electric service is expected to be resumed by the end of this month.

Similar steps are being taken at Huchow and Kashing.

President Roosevelt Favors Expansion of U. S. Naval Forces

America's participation in the world armament race was assured Jan. 5 with the announcement that President Roosevelt would soon send a message to Congress recommending appropriate naval expansion. The announcement was made by Edward T. Taylor, member of the House of Representatives Appropriations Committee, following a conference with President Roosevelt.

"The President's message will speak for itself," Mr. Taylor said when questioned on details of the naval expansion program. It was understood, however, that no definite decision has yet been reached regarding the number and type of warships to be constructed.

Congressional leaders are prepared to rush action on the greatest peacetime military and naval program in the history of the United States. America's reply to the troubled world conditions and the *Panay* bombing is expected to be the appropriation of $1,000,000,000 for the Army, Navy and their air arms.

Mr. Roosevelt's decision to support Naval Department recommendations for an enlarged naval construction program was not unexpected as it was known that the President was dissatisfied with the present strength of national defences. The regular budget for the coming fiscal year will afford the Navy approximately $576,000,000, but supplementary appropriations probably will be made before Congress adjourns for the summer, if the arms race continues.

House Votes Down Proposition to Tie President's Hand in Declaring War

The House of Representatives Jan. 10 voted against the consideration of the Ludlow war referendum amendment by 208 votes to 188. A letter from President Roosevelt warning Congress that the proposed war referendum would "cripple any President in his conduct of our foreign relations," was read in the House before the vote was taken. The letter added that such an amendment would encourage others to believe that they could violate American rights with impunity.

The war referendum was proposed last month as an amendment to the United States Constitution by Louis Ludlow, Democratic Congressman from Indiana. It provided that a national referendum would be necessary for the declaration of war.

Leaders of the House of Representatives subsequently joined the President in condemning the amendment. The Speaker of the House, William B. Bankhead, from Alabama, left the Speaker's rostrum to denounce it.

U.S. "Flying Fortress" Bomber Lost in the Pacific—Search Is Abandoned

All U. S. warships and aircraft with the exception of a destroyer squadron on Jan. 9 cancelled their search for the a "flying fortress" patrol bomber which disappeared 200 miles off Point Loma on the afternoon of Jan. 5. The missing bomber, connected with Squadron VP-7 was commanded by Lt. T. E. Carpenter. Navy officials, despite the widespread search order immediately after learning that the giant plane was missing, expressed the opinion that the bomber had crashed and sunk. Seven men were aboard when the bomber disappeared. A serious accident marked the search, in which more than 100 planes and a dozens of warships had taken part. Three days after the "flying fortress" disappeared. a giant Navy bomber, while attempting to land on the aircraft carrier *Saratoga*, crashed near the carrier and burst into flames, but the plane sank. All men aboard the plane were rescued.

Seattle Port Is Closed Because of Labor Troubles

The port of Seattle was closed at noon Jan. 5 by the Seattle Waterfront Employers' Association after negotiations between the organization and the International Longshoremen's Association regarding a new contract failed.

American and British Governments Watch Japanese Encroachments at Shanghai

A *Reuter* message from London Jan. 5 and a *United Press* message from Washington on the same date indicated that both Britain and the U.S. were greatly concerned over the steps which the Japanese intended to take regarding the International Settlement in Shanghai.

U.S. Department of State officials indicated that Japan's demands for increased control in Shanghai's International Settlement might constitute additional inroads against American and other foreign rights in China. The Secretary of State, Cordell Hull, said no comment would be made on the Shanghai situation until the State Department had assembled all the facts and studied them in the light of treaties, laws and customs. Officials indicated, however, that a large force of State Department experts were concentrating on the subject.

Local Americans and Britons Appeal for Government Support to S. M. C.

The Shanghai American Chamber of Commerce this week dispatched a telegram to the U.S. Department of State asking the American Government to support the Shanghai Municipal Council in resisting the demands placed upon the governing body of the International Settlement by the local Japanese authorities.

Simultaneously with the American Chamber's message, a similar communication, according to a *Reuters* message from London, has been sent by British residents in China, requesting the British Government to refrain from yielding to the Nipponese request.

Soviets Send Donation of U. S. $100,000 for Chinese Red Cross Relief

The Soviet Embassy last week transmitted to the Chinese Red Cross Society, through the Ministry of Foreign Affairs, a gift of U.S.$100,000 (equivalent to $336,842.11 in Chinese currency) from the Soviet Russian Red Cross Society for war relief. The Chinese Red Cross Society on receipt of the funds requested the Soviet Embassy to transmit its thanks to the Soviet Russian Red Cross Society for the generous contribution.

£15,000 from England for Chinese Refugees in Shanghai

In answer to a cablegram from the British Consul-General in Shanghai, Herbert Phillips, concerning the plight of Chinese refugees, Dr. H. Gordon, Secretray of the Lord Mayor's Fund, Jan. 8 sent £15,000 to Shanghai, thus practically exhausting the fund. A new appeal is now being made in the British press for donations to the Lord Mayor's Fund.

$900,000 Needed for Refugees in Shanghai Each Month

The sum of Ch.$900,000 is needed for the relief of refugees in Shanghai every month, the *Eastern Times* stated.

Shanghai Relief Committee Distributes Rice

The International Relief Committee is distributing cooked rice to refugees in Shanghai streets and lanes every afternoon from 6 to 7 p.m. The work is personally supervised by Messrs. K. Y. Li, Y. K. Ou and a foreign officer.

Land Reclamation Work as a Means of Aid to War Refugees

The General Association of War Relief Commissions (*Nan-Min Chiu-Chi Tsung-Hui*), with headquarter at Hankow, has decided upon land reclamation as the principal task for war refugees. The General Association now consists of 61 War Relief Commissions, under which are established 162 branch commissions and 550 hostels for the accommodation of war refugees. Six hundred thousand refugees are being cared for by the Commissions.

Executive Yuan Approves Dr. H. H. Kung's Proposals for War Relief and Farm Tax Exemption

Two proposals on War Refugee Relief and Farm Tax Exemption were adopted by the Executive Yuan Jan. 4 on the recommendation of Dr. H. H. Kung. One of the proposals enjoins upon the local government the necessity for providing relief for war refugees—the latter being advised to stay in cities in case of minor disturbances and in villages in case of major disturbances. The second proposal provides for exemptions for farm taxes in arrears.

Japanese and French Warships Play Hide-and-Seek in Southern Waters

Mysterious movements by Japanese and French warships have been observed in the vicinity of Hainan Island, according to reports received in Hongkong, Jan. 7. It appears that a Japanese cruiser after anchoring in the outer harbor arrived at Hoihow on December 27, and sent a reconnoitring 'plane over the city. Later, a French cruiser placed herself between the Japanese vessel and the shore. Meanwhile, another French warship took up a position at Hoihow. Both the Japanese and French warships, which were inside the harbor, disappeared during the night, and both appeared at Pakhoi next day.

Two Japanese Missing After Riots in Singapore

As part of a riotous anti-Japanese demonstration in Singapore Jan. 9 roving gangs of demonstrators stormed through the streets throwing bricks, stones and bottles at buses and trams. Police guards finally were placed on all vehicles, eventually bringing the disturbances to an end. The rioters besides expressing their opposition to Japanese aggression in China, were demonstrating against the arrest of a number of participants in a "China Day" demonstration.

A police dragnet was spread over Singapore's thriving Chinatown Jan. 10 in an effort to locate two Japanese civilians abducted by a mob from a street car in riots which took place the previous night. The trouble began in the morning when between 2,000 and 3,000 Chinese and Hindoos paraded through the streets in celebration of India's "China Day."

"Bloody Army" Epithet Cause of Brenan Road Incident, Japanese Say

Blame for the so-called "Brenan Road Incident," involving two British members of the Shanghai Municipal Police and Japanese soldiers should be borne by "the individual using such foul language as to precipitate violence." This was the view, *Domei* said, held by authoritative Japanese military circles with regard to the protests of the British and Municipal authorities against the beating of Probationary Sergeant A. R. Turner and Inspector F. G. West by a Japanese patrol on the western defense perimeter on the afternoon of Jan. 6. While the beating of the British members of the police force was "reprehensible in itself," in the opinion of the Japanese authorities, "it should not be judged in the same light as the utterance of foul language which precipitated violence as a natural reaction," it was said.

Moreover, according to the Japanese contention, the acts of the Japanese soldiers, who are in a warlike frame of mind under the present circumstances, should not be judged by "idealistic standards of peace-time." The fracas, they claim was precipitated by the use of the term "bloody army" by Probationary Sergeant Turner when referring to the Japanese forces.

Turner, is alleged to have ordered Japanese Constable Mogi to tell the Japanese sentries to act less strictly towards the Chinese. Mogi replied that he was not in a position to interfere with the activities of the Japanese Army, whereupon Turner used insulting language including the "bloody army" epithet.

The Japanese Consul General informed the chairman of Municipal Council early this week that the contents of two recent letters concerning incidents involving members of the Japanese army and naval forces and members of the Municipal Police had been communicated to the Japanese military and naval Authorities and that the matters in question would receive their careful attention in due courses.

Shanghai Police Protest Ill Treatment of British Members by Japanese

A protest was lodged with the Japanese Naval Landing Party authorities by the Shanghai Police, last week, as a result of the rough handling of Inspector G. J. Bennett, and Superintendent J. Sinclair, members of the Shanghai Settlement Police Force, by Japanese officers at the Landing Party headquarters on Christmas Day. On the morning of Dec. 25, Inspector Bennett was proceeding in a police car, driven by a Chinese chauffeur, along Wayside Road. The chauffeur was forced to pull up when he saw three trucks blocking the road in front, leaving no room whatever for him to pass. A Japanese dispatch rider, travelling at a fast pace, was also forced to pull up owing to the three trucks obstructing the roadway. The dispatch rider, when he arrived at headquarters, reported that he had been held up by a police car, the number of which he produced. Inspector Bennett was summoned to appear at the Landing Party Headquarters to answer to a charge of obstructing a dispatch rider of the Japanese forces, The Inspector decided that his best course would be to go to the headquarters and explain the true state of afiairs.

On arrival at the Landing Party Headquarters, Inspector Bennett was insulted and roughly handled, being poked in the ribs and in the stomach with sticks. Officers present also drew their swords, declaring that Inspector Bennett had purposely obstructed a dispatch rider of the Japanese forces.

Superintendent Sinclair, when he visited the Headquarters to assist the Inspector in explaining matters, was treated in a similar manner. Both men, it is stated, have excellent records in the Shanghai Municipal Police, and are of senior rank.

Japan Takes Steps to Re-Open Fishery Talks with Soviet Government

"Seeking to remove one of the main threats to Soviet-Japanese cordiality," the Tokyo Government will soon instruct Ambassador Shigemitsu to re-open talks for the conclusion of a new Fisheries Convention, a *Domei* message from Tokyo Jan. 7 stated. Although a *modus vivendi*, effective until the end of this year, was signed in Moscow on Dec. 29, the Tokyo Government and Japanese fishing interests have announced their desire for a long-term convention to stabilize the important fishing industry. Such an accord was initialed in Moscow on Nov. 10, 1936, but the Soviet Government later refused to sign it formally. This action was ascribed to the conclusion of the Reich-Japanese Anti-Japanese Pact. Gaimusho officials say they desired Soviet officialdom to "reconsider and sign a new Convention formally."

Japan has proposed that a new accord should include the following provisions:

1.—It should remain in force for eight years;

2.—The arrangement for specially contracted fishery lots, of which 44 were granted to Japan, together with lots stipulated in the Karakhan-Hirota agreement, to be prolonged for the duration of the new accord;

3.—The rate of exchange to be fixed at Yen 0.32.5 per rouble;

4.—Adequate measures should be taken for fish conservancy, including restrictions on fishing in river estuaries and closure of certain areas to fishing.

Canadians Urged by Chinese Consul General to Watch Pacific Defences

The Canadian Government at its next Cabinet session, will discuss the recent remarks of the new Chinese Consul-General, Chang Loy-chen, warning Canada to strengthen her Pacific coast defences. Speaking before the Giro Club in Ottawa, Jan. 6, he was reported to have said Canada would rue the day she neglected to strengthen her Pacific defences. Canadians, Mr. Chang was reported to have said, "are folding their arms and depending on Britain and the Monroe Doctrine . . . . for security against invasion."

Mr. Chang also denounced Japanese ambitions in the Orient. He said Japan and the United States were preparing for "a test at each other in the near future." A *United Press* message said it was considered possible in Ottawa that Canada and Japan would protest against the remarks.

Huge Shipments of Arms from Germany to China Worry Japanese

Contracts to an extent of £3,000,000 for munitions have recently been awarded by the Chinese Government to foreign concerns, according to the Berlin *12 Ubr Blatt* which asserted Jan. 7, that a confirmation of this fact has been received from responsible Chinese quarters. It is declared that most of the money has been spent for heavy artillery although lighter guns, machine-guns and 10,000 modern rifles have been ordered. The shipment will be made, it is stated, via the Soviet Union and French Indo-China since the connections with Canton are regarded as too uncertain.

Tokyo Says Germany Is Trying to Check Export of Arms to China

Questioned by foreign correspondents whether Germany was exporting arms and ammunition to China, through Hongkong, a spokesman of the Tokyo Foreign Office said Jan. 7 that Germany was trying to check the exportation of arms and ammunition to China.

Japan Tries to Check Germany's Munitions Shipments to China

Japan did not welcome any increase in British and United States naval forces, according to a statement by a Foreign Office official Jan. 7. Tokyo. The spokesman said that "the increase of naval forces was not welcome because an arms race should be avoided in the future."

He added, apparently facetiously, "we are not concerned because our naval force is now strong enough."

Commenting on munitions shipments to China, he revealed that a Japanese official was discussing the matter in Berlin. He said that Germany was making an effort to check her shipments, which were considered to be greater than those of Great Britain.

China Orders $20,000,000 Worth of Munitions in Foreign Countries

An order for $20,000,000 worth of war equipment was placed by China with munition firms abroad on December 10, a Chinese report early this week disclosed .

The second large order purchased by this country since the outbreak of the war in Shanghai, the new military supplies, according to the report, include a number of heavy artillery pieces, which hitherto have been the weakest point in China's military striking power.

Realiable Chinese sources, the report continued, revealed that the order, among other things, include six 10-inch guns, six 12-inch guns, 18 heavy field guns and a battery of 30 other guns of unspecified descriptions.

Retiring U.S.Envoy to Berlin Explains Retirement —Accuses Germany of Creating Race Hatreds

William Edward Dodd, who has retired from the post of American Ambassador in Berlin, outlined the reasons for his departure from Germany, on his arrival in New York Jan. 7. "In a vast region," explained Mr. Dodd, "where religious freedom is denied, where intellectual initiative and discovery are not allowed and where race hatreds are cultivated daily, what can a representative of the United States do?" Mr. Dodd asserted that many eminent Germans agreed with the stand he took when he refused to attend the last Nazi Party Congress in Nuremberg. "The logical outcome of vast war preparation," he added, "will be another war."

Mr. Dodd accused the great German business and industrial groups of failing to recognize the necessity of international cooperation.

U.S. Isolation Said to Be Favorable to Dictators

"Dictators would find themselves in a very much more favorable situation when able to rely upon the United States maintaining her isolation policy," writes Barnet Nover, in the *Washington Post* commenting on President Roosevelt's recent message to Congress. The writer declares that it is impossible to forecast the future policy of the United States. "It is equally possible," Mr. Nover states, "that the United States will participate more and more in the efforts of the world to maintain peace, or that they will close themselves up once again in their shell."

Japanese Naval Planes Raid Nanning, Capital of Kwangsi

For the first time since the commencement of the Sino-Japanese hostilities, Japanese naval aircraft Jan. 7 staged two raids on Nanning, Capital of Kwangsi, the headquarters of the Japanese China Seas Fleet announced the following morning. Destroyed in the two attacks, staged in the morning and the afternoon, were hangars, the building of the Military Academy and other military structures. The airdromes were damaged. Six fighters, of the Chinese aircraft which rose to give battle to the Japanese armada, were shot down, the communique claimed.

While no Japanese plane was damaged a warrant officer, who was manning a machine-gun, was killed by a bullet, the communique added.

Wrecked Japanese Airplane Put on Display in Nanchang

What was described as retaliation for the death of a Japanese naval air ace who was killed in the previous raid on Nanchang Japanese naval planes bombed the Kiangsi Province city again at 1.30 p.m. Jan. 9, Japanese Fleet Authorities announced. Raining large bombs on the airdrome, hangars, barracks and other military establishments, the Japanese squadron inflicted considerable damage on the Chinese forces.

The wreckage of a Japanese airplane brought down by Chinese pursuit 'planes during an enemy raid two weeks ago at Tuchang, northern Kiangsi was transported to Nanchang Jan. 4 where it is now on public exhibition. The airplane has two machine-guns, and a parachute. on which is inscribed the name of the ill-fated Japanese aviator.

Lt. Comdr. Obayashi, Japanese Air Ace, Meets Death During Raid on Nanchang

In a belated announcement, the Tokyo Admiralty Jan. 10 revealed the death of Lt.-Cmdr. Norindo Obayashi, one of the best fliers in the naval air force, in the course of a raid on Nanchang on Dec. 22. The Japanese ace, the communique recalled, was personally credited with bringing down more than thirty Chinese machines in aerial cmobat. On the day of his death, the officer's squadron downed seventeen out of more than twenty Chinese planes which rose to give combat to the raiders over the Kiangsi Capital. In another raid on Nanchang, on Dec. 14, Lt.-Cmdr. Obayashi's unit was credited with the destruction of sixteen machines out of more than twenty which went up in the air at the approach of the Japanese planes.

Pengpu Again Bombed by Japanese

Pengpu was again severely bombed by Japanese airplanes Jan. 8. More than 10 bombs were dropped on the residential district, demolishing more than a hundred houses and killing or wounding scores of civilians. One of the bombs made a direct hit on a dugout, killing more than 20 persons taking shelter therein.

Japanese Say 14 Chinese Planes Were Demolished in Second Hankow Raid

Japanese naval planes which raided Hankow for the second time on Jan. 6 demolished 14 Chinese planes, including five large bombers, three medium sized ones and six of a smaller type, a spokesman for the Japanese naval authorities claimed on the following day. During the raid on the airdrome no resistance was offered by Chinese planes, he said. The Japanese bombers observed only one Chinese plane in the air, and it fled toward the east without challenging the raiders, the spokesman stated.

Chinese Claim Three Japanese Raiders Shot Down in Kwangsi

It was reported in a *Kuo Min* message from Canton Jan. 9 that two locomotives and railway coaches were destroyed at a point about 10 miles to the south-west of Canton. A squadron of Japanese airplanes also made a raid on Nanning, in Kwangsi, the previous day. Fifteen Chinese pursuit planes immediately attacked the raiders, three of which were brought down in flames.

Nanning, the former provincial capital of Kwangsi, was again raided by more than 10 Japanese airplanes Jan. 9. This was the second raid in two successive days.

Four Chinese planes were destroyed in the Japanese air raid on Nanchang on Jan. 9, the headquarters of the Japanese China Sea Fleet announced.

Raiding Sihsien, half way between Hangchow and Nanchang, Japanese naval planes Jan. 10 destroyed one Chinese plane on the ground and demolished the airdrome, Fleet authorities announced.

Japanese naval fliers raided Kian, Kiangsi Province Jan. 10 and repeatedly bombed various Chinese military establishments. Other planes of the same squadron flew to Chuchow in Chekiang Province and bombed various objectives.

Chinese Airplanes Destroy Six Japanese Airplanes in Wuhu

Official confirmation of the raid made Jan. 5 by a squadron of Chinese airplanes on Japanese positions in eastern Anhwei, was given in an official communique issued in Hankow. With the Wuhu airfield as their objective, the Chinese airmen dropped 75 bombs, destroying five grounded Japanese airplanes and a sixth machince which was then about to land on the field. After accomplishing their task, the Chinese airplanes returned to their base safely.

Hankow Airdrome Target of Quick Attack by Japanese

Twenty-four Japanese bombers, escorted by eight pursuit planes, made a quick raid on Hankow shortly before 11 a.m. aiming about 100 bombs at the airdrome. The raiders appeared from the east, flew over Hankow's residential and business areas, and made straight for their objective. They dropped their loads, wheeled to the right, and disappeared to the east.

Intensive anti-aircraft fire was opened against the visitors, but no hits were scored. The Japanese planes flew at a height of about 8,000 feet. As they flew away, a pall of black smoke issued from the airdrome.

Chinese Make Raids on Japanese Airdrome at Kwangteh

According to Chinese reports, Chinese bombers made two raids on the Japanese aerodrome at Kwangteh, 100 miles southeast of Nanking, Jan. 10. The Chinese are stated to have destroyed at least ten Japanese planes on the ground, and to have set fire to a gasoline depot. Chinese aircraft are also stated to have raided Kashing and Hangchow last Sunday.

In two raids on Wuhu, Chinese aircraft Jan. 11 "successfully bombed the Yangtze River," a Japanese naval spokesman announced that evening. The first attack, made by three machines, was repulsed by Japanese pursuit aircraft that took to the air upon the appearance of the raiders. The Chinese machines hastily dumped their bombs into the river and fled, he said. In a subsequent attack, a long Chinese machine made its appearance. It was repulsed by anti-aircraft fire. One of the bombs dropped from this plane fell about 300 metres from a Japanese naval vessel anchored in the river.

Hankow Refugee Train Arrives Safely in Canton

After a delay of twelve hours owing to air-raid alarms, the refugee train which left Hankow on January 8 with about twenty foreigners, including the Italian Consul at Hankow, Signor Ferruccio Stefenelli, and the British Vice-Consul, J. P. Reeves, arrived in Canton Jan. 11 at 5 p.m. The train carried both Italian and British flags, and several Hankow residents took the opportunity of travelling with the officials, including Captain W.E.F. Jones, former adviser to General Chang Hsueh-liang and co-author of the well-known book, "Two Kingdoms"—an Alice in Wonderland version of the world monetary situation. Signor Stefenelli is en route to Tientsin, whither he has been transferred.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Dec. 6.—Japanese forces claimed further advance in drive towards Nanking, their vanguards said within 5 kilometers of the city, but reports were unconfirmed by Chinese sources which, however, admitted the fall of Kuyung, 40 kilometers from Nanking. On the Chekiang-Anhwei sector, Chinese forces reported success, claiming recapture of Changhsin, important city on the south-western bank of Lake Taihu. Japanese troops at Huchow, totalling about 7,000 strong, allegedly were besieged by Chinese forces. Nanking now under **de facto** martial law. Both Nanking and Pukow raided by Japanese planes.

Gen. and Mme. Chiang Kai-shek still in Nanking.

Dec. 6.—Without previous notification to the S.M.C. authorities, a party of armed Japanese carried away 4 Chinese from the Great Eastern Hotel of the Wing On Company, a British registered firm. They were taken to Hongkew and subjected to questioning by the Japanese military.

Dec. 6.—A spokesman of the Settlement declared that the Council had received no "demands" from the Japanese in connection with the Nanking Road bombing incident of December 4. The alleged "demands" as reported in Shanghai containing following items:

1. The Japanese troops, when necessary, shall be allowed to pass through the International Settlement any time without advance notice to the Council.
2. The Council shall hereafter take energetic steps to prevent a recurrence of such unfortunate incidents;
3. In the event of a recurrence of similar incidents, the Japanese Army will take independent and effective measure; and
4. To help the Council in maintaining peace and order in the International Settlement, the Japanese Army, when it considers necessary, may take independent steps to investigate and examine suspects and otherwise act within the Settlement.

Dec. 6.—Herbet Phillips, British Consul-General in Shanghai, protested to Japanese consular authorities over Japanese bombing of two British-owned ships, the **Tatung** and the **Tuckwo** at Wuhu on December 5. Further investigations revealed that 8 persons were killed and 20 injured. There still remained 117 foreigners in Wuhu.

Dec. 6.—Wang Ching-wei declared to **Transocean** representative at Hankow: "China did not want a war and it is therefore not up to her to take the initiative towards ending the war." He stated that China was firmly determined to reject Japanese demands and prepared for long struggle. He stressed that any negotiations between China and Japan must be based on Japan's recognition of China's sovereignty and independence.

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Dec. 7.—Japanese forces reported converging on Nanking from three directions, their advance units having captured Purple Mountain. All the city gates of Nanking were closed and a large Chinese army massed within prepared to repulse Japanese attacks. Chinese forces claimed further successes on Chekiang-Anhwei sector, where they claimed recapture of a number of towns between Huchow and Nanzin.

Dec. 7.—General Chiang Kai-shek left Nanking in an airplane, his destination probably being Nanchang.

In view of the inevitable fall of Nanking, Chinese defenders began systemetic destruction of ammunition dumps, gasoline depots, airplane hangars and workshops. All planes in good condition left the capital, while the damaged ones were destroyed. Reported that Chinese forces might burn the city before retiring. The International Safety Zone Committee in Nanking wrote to the Japanese command, appealing to them to isolate the zone from warlike operations.

Dec. 7.—Japan planning to withdraw recognition of the Chinese National Government after the fall of Nanking, according to **Reuter** report from Tokyo.

Dec. 7.—As a result of protest by the Consulr Body, Japanese Consul-General, S. Okamoto, assured the Shanghai Municipal Council that there would be no recurrence of Japanese armed raids similar to that which took place December 6 at the Great Eastern Hotel. Incident considered closed. The four Chinese abuducted by Japanese military police reported released.

Dec. 7.—Chairman Lin Sen of the National Government speaking at the first memorial meeting at Chungking, urged united resistance against Japanese aggression.

Dec. 7.—The boom across the Yangtsze at Kiangyin still remained unbroken, according to Japanese military spokesman in Shanghai.

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Dec. 8.—Chinese forces offered strong resistance at outskirts of Nanking, which slowed up the Japanese push. Brisk fighting continued all day at Shunhua, 22 kilometers southeast of Kuanghua Gate. Purple Mountain believed still in Chinese hands. Chinese military authorities ordered burning of Nanking's suburbs outside the southwest gates in order to deprive the Japanese of cover. Gunfire heard inside the city, coming from Tangshan. General Tang Sheng-chih, Nanking Garrison Commander, ordered all armed forces out of the Safety Zone which was reserved for refugees.

On the Anhwei sector, the Japanese advance on Wuhu was held up, Japanese claimed their forces had reached Suancheng, 55 kilometers to the east of Wuhu.

Capture of Tsingkiang, fortified city on the north bank of the Yangtsze opposite Kiangyin, claimed by Japanese.

Dec. 8.—Japanese Consul-General, S. Okamoto, in memorandum to senior Counsol of the Shanghai Consular Body, warned all foreign nationals to leave Nanking immediately. Japanese Embassy communique also announced that Japanese military authorities could not assume responsibility for the safety of the so-called Safty Zone in Nanking.

Dec. 8.—Japan's peace plans not yet been formulated, declared spokesman of Tokyo Foreige Office regarding peace prospects in the Sino-Japanese conflict, according to **Reuter** dispatch from Tokyo.

Dec. 8.—Spokesman of the Central Bank of China denied reports that branches of the four government banks in Shanghai had decided to close down.

Dec. 8.—Pingyao, 132 miles north of Lingfen in Shansi, recaptured by Chinese forces. Japanese reports stated Chinese forces constructing another "Hindenburg Line" along the right bank of the Yellow River, which would be held by 22 Chinese Civisions.

Kiafeng, Honan, raided by Japanese aircraft December 7.

Dec. 8.—Kwangtung authorities completed conscription of 300,000 able-bodied citizens for active service at the front.

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Dec. 9.—Entrenched in hilly country side around Nanking, Chinese troops continue to hold up Japanese advance. Most villages in vicinity of Nanking burned to prevent Japanese occupation. Hsiakwan waterfront also ordered burned by military authorities. Heavy fighting entire day with Japanese troops pressing close to city wall.

Japanese forces claimed occupation of Yangtsun, 16 kilometers south of Wuhu.

Dec. 9.—General Iwane Matsui, Commander-in-Chief of Japanese Forces, "advised" General Tang Sheng-chih to surrender Nanking by noon of December 10, otherwise, he threatened, Nanking would be subjected to horrors of war.

Dec. 9.—Japan's "Inner Cabinet" decided to continue hostilities after fall of Nanking, according to Domei report from Tokyo.

Dec. 9.—General Wu Te-chen, Kwangtung Chairman, declared Southwest provinces would stand faithfully by the Central Government.

Dec. 9.—Foreign Office spokesman at Hankow declared to German **Transocean** representative that General Chiang Kai-shek had no intention of giving up leadership of the country either now or at later date.

Dec. 9.—Kiangyin boom across Yangtsze reported crossed by Japanese gunboats.

Dec. 9.—Following recapture of Pingyao, Chinese forces in Shansi continued to push forward and reached a point 5 miles south of Kihsien, 17 miles northeast of Pingyao. Fighting reported along the Yellow River in Shantung.

Dec. 9.—**Reuter** reported from Hankow that many political and governmental changes were taking place daily, civil organization of the Government practically eliminated, replaced by a military organization developed from General Chiang Kai-shek's headquarters. Central Political Council, all Yuans and Ministries reported existing in name only. Chinese Communist leaders allegedly active in new government.

Various Government leaders aware of gravity of situation; practically abandoned hope of help from Great Britain and America, stated China's "best bet" was Soviet Russia.

Dec. 9.—Tokyo announced issuance of Y.600,000,000 national bonds to cover part of the cost of the "China Incident."

Dec. 9.—General Huang Shao-hsiung, new Chekiang Chairman, assumed office December 8.

⁂

Dec. 10.—Situation at Nanking reported critical; Fate of Capital in balance as Japanese forces storm city gates on three sides; Japanese claimed occupied Kuanghua Gate after 60-hour intensive attack; street fighting reported inside the city; Chinese troops making desperate stand. Japanese troops captured Tangtu, midway between Nanking and Wuhu.

Dec. 10.—Tokyo Cabint decided to adopt the following procedure after fall of Nanking:
1. To repudiate General Chiang Kai-shek's administration;
2. To pursue extended hostilities, and
3. To assist in the construction of a new China.

Dec. 10.—**Reuter** report from Hankow stated that hope for peaceful settlement of Sino-Japanese conflict crushed; Chinese leaders convinced Japan would not accept Germany's offer to mediate; Dr. O. Trautmann, German Ambassador, who returned to Hankow from Nanking, declined to resume talks under present cirumstances.

Dec. 10.—Germany not to alter relations with Chinese Government headed by General Chiang Kai-shek, even though Japan should declare war, according to **Havas** message.

Dec 10.—S.M.C. spokesman stated in interview in **The China Press** that Council never claimed jurisdiction over areas abutting extra-Settlement Roads. In other words, the Council admitted the right of Japanese authorities to exercise control over all areas west and northwest of Bubbling Well Road by virtue of military occupation.

⁂

Dec. 11.—Despite vigorous Japanese attacks on five gates Nanking defenders continued to hold out. Japanese troops reported gained foothold inside Kuanghua Gate, but were not able to penetrate further. Japanese claimed occupation of Wuhu December 10.

Dec. 11.—Terrific fighting continning at Nanking; General Tang Sheng-chih, Nanking Garrison Commander, reported Chinese casualties heavy, but morale of troops remained high. Extensive fires inside and outside Nanking reported by Chinese air pilots. Government spokesman at Hankow declared main force of Army defending Nanking succeeded in ascaping Japanese encirclement and had withdrawn from the capital. Only a few regiments left to fight rearguard actions.

Dec. 11.—Japanese spokesman announced Japanese soldiers patrolling all extra-Settlement Roads in vicinity of Shanghai; Japanese military police take over control of Nantao Safety Zone.

Dec. 11.—Canton-Kowloon Railway suspended operation for three days as a result of continuous Japanese air raids.

⁂

Dec. 12.—Nanking defenders continue in possession of the Capital in face of relentless Japanese infantry, artillery and aerial attacks; Japanese troops reported to have occupied another gate, the Chunghuamen, on the south side of city. Fighting intensified as invading units converging on city. Japanese announced capture of Chinkiang, stated their naval units had broken through boom across river.

Dec. 12.—"China firmly determined to continue war against Japan following fall of Nanking," declared General Chang Chun to German **Transocean** correspondent at Hankow.

Dec. 12.—Japanese aircraft bombed Wuhu and vicinity. Several bombs exploded near foreign merchant vessels and warships. Unconfirmed reports received at Shanghai stated that the U.S.S. Panay badly damaged by the Japanese bombing and many persons board the gunboat killed or wounded.

Dec. 12.—**Reuter** report from Hankow stated two British warships. H.M.S. **Bee** and H.M.S. **Ladybird**, and a British-owned merchantman, the **Suiwo**, at Wuhu were fired on and damaged by Japanese field-batteries and machine-guns, causing several casualties.

IS CHINA BEATEN? OR HAS THE WAR ONLY BEGUN?

(*Continued from page 178*)

This is a matter of Japanese economics. And Japanese economics are Japan's vulnerable point. The most optimistic Japanese has little confidence on this score. Therefore Japan's hopes have been founded on the expectation of a quick and final decision.

If Japan had no other country to think about, if it could plunge all its resources on crushing China, it could bear the strain. But Japan must replenish at once all that it expends on China, for no responsible Japanese believes the defenses against Soviet Russia can be let down. And replenishing what is expended on China costs money—money above Japan's normal expenditures—and Japan has not been able to meet its normal expenditures in the last few years without creating what the Japanese themselves call emergency conditions. Japan's economic base is none too solid now. With the weight of one war and preparations for another resting on it, it must give sooner or later, unless, buttressed hy loans from Europe and America, only remotely likely.

Can Tokyo Continue?

For one year Japan can continue. But that she can continue for two or three years can at least be doubted. Here the outcome of the war will be determined. If Japan can hold on, then she wins the war and the control of China. If she cannot she must make terms with China directly—terms acceptable to China —or she must make terms at the dictation of the Western nations—terms that will constitute renunciation of the fruits of victory. Then Japan will not be able to answer the rest of the world as she did at the Brussels conference.

This is the issue of the Far Eastern war, an issue still to be fought out. It has not been touched by what has happened thus far. The Japanese victory at Shanghai and before Nanking or even in North China has had little effect.

American and Britons Return to Posts in Chekiang Province

The *China Press* says the British Consulate-General is at present negotiating with the local Japanese authorities for arrangements whereby supplies may be sent to British residents who remained in Hangchow following the occupation of the lake city.

More than 40 foreigners are still in Hangchow, the majority of them Britons. The group also includes from six to seven Americans, as well as French and Germans. News of the shortage of supplies in that city was brought to Shanghai by Louis K. Brown, Canadian insurance surveyor, who was the first foreigner to reach Shanghai from Hangchow after the Japanese occupation.

Among the Britons still in Hangchow are two employees of the Asiatic Petroleum Company, F. E. Willis, Hangchow manager of the firm, and Mr. Kingdon, his assistant. Prior to the occupation of the city by the Japanese forces, Mr. Kingdon was in bed with typhoid, and could not leave although the departure of the two A.P.C. men was scheduled long before then.

Foreigners Safe in Tsinan

Eighty foreigners, consisting of Germans, Americans and Britons, were safe in Tsinan following the occupation of the Shantung capital by Japanese forces, a Japanese Embassy spokesman said Jan. 11.

Information to this effect had been collected in Tsinan by Japanese consular authorities from their German, American and British colleagues.

Forty Germans, engaged in various activities, were all "safe and sound."

Of 40 Americans, 10 were connected with Cheeloo University, the former Shantung Christian College. The remainder were mostly nurses and persons connected with St. John's Hospital, the spokesman declared.

"Only one or two" Britons, believed to be missionaries, remained. All British and American business and professional men were evacuated before the city was endangered by the Japanese thrust from the north.

Who's Who in China

Peng Teh-huai, army officer; born in Hsiang T'an *hsien*, Hunan, in 1900, of peasant family; went to local school until age of nine when he became an apprentice; joined army at 18; then studied in Hunan Military School, and after graduating appointed battalion commander in 2nd Hunan Division under Gen. Lu Ti-ping; joined Communist Party in 1927 and the Red Army in 1928, being given command of the 5th Red Army in Kiangsi; captured Changsha for awhile in 1930, then was put in command of Third Red Army Corps, composed of 5th and 8th Red Armies, of 10,000 men; fought in command of these troops until reached Northwest after Long March in 1935; then put in direct command of 1st Front Red Army and made Commander-in-Chief of all Northwest Red Armies before arrival of Gen. Chu Teh in late 1936; in August, 1937, appointed by Gen. Chiang Kai-shek as Deputy Commander of Eighth Route Army in Shansi, under Gen. Chu Teh; author of many treatises on military strategy and tactics, and expert in maneuvering warfare.

Peng Teh-huai
彭德懷

Tsao Chin-yuan, Government official; born at Mien-Chu *hsien*, Szechuan, 1891; passed the District Examination at age of 12; became *Pa Kung* (a literay degree under Manchu regime) at 18; then studied law and was graduated from the Szechuan Law College ad the Chung Hua University of Peiping; served successively as chief of section, secretary and counsellor in the Ministry of the Interior of the former Peking Government; senior Secretary in the Provisional Government of the late Marshal Tuan Chi-jui; Director of the Department of Administrative Affairs, Headquarters of the Civil Governor of Anhwei; Chief Secretary of the Anhwei Provincial Government; member of the Examination Committee for the 1st and 2nd Civil Service Examinations under the National Government; Counsellor of the Executive Yuan; now member of the Kweichow Provincial Government and concurrently Commissioner of Civil Affairs; author of many volumes on Chinese poetry and "Problem of the Miao Tribe in Kweichow;" address: Kweichow Provincial Government, Kweiyang, Kweichow.

Tsao Chin-yuan
曹經沅

Mysterious Blaze Consumes Mill Fence Around Japanese Cotton Mill

Japanese consular and municipal police in Shanghai on the night of Jan. 10 investigated the burning of a length of about 6 feet of bamboo fence around the Naigai Wata Kaisha head offices, 930 Gordon Road. Following a short blast at about 8 p.m., flames were seen consuming the fence. Company employees rushed out to extinguish the fire.

300,000 Tons of Shanghai Goods Stored in Hongkong

About 300,000 metric tons of goods consigned to Shanghai have been accumulated in the warehouses of Hongkong, Singapore and Manila, the *Kogyo Shimbun*, a Tokyo industrial daily states. "The failure of these goods to reach the Whangpoo port, the journal said, is a "proof of the remarkable effect of the Japanese naval blockade of the China coast."

In the United States Court for China

In re.
THE ESTATE
of
HENRY S. DE VAULT.
Deceased

Cause No. 4283
Special Proceedings No. 2162
NOTICE
Filed at Shanghai, China, December 16, 1937.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HENRY S. DE VAULT, deceased, to present the same with vouchers to the undersigned on or before June 25, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Mrs. Anne G. De Vault,
Room 608—51 Canton Road,
Shanghai, China.

Shanghai, China.

In the United States Court for China

In re.
ESTATE
of
DAVID LAWRENCE ANDERSON
Deceased

Cause No. 4284
Special Proceedings No. 2163
NOTICE
Filed at Shanghai, China, December 18th, 1937,
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of David Lawrence Anderson, deceased, to present the same with vouchers to the undersigned on or before June 25th, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

ARTHUR BASSETT,
Administrator,
c/o Yee Tsoong Tobacco Distributors Company Ltd.,
175 Soochow Road, Shanghai.

Shanghai, China.

Men and Events

Julean Arnold, U. S. Commercial Attache, is departing shortly on a trip to Washington.

Masami Nozaki, until now assistant manager of the Shanghai office of the Mitsubishi Bank, has been promoted to the managership, in succession to Masaji Yoshida.

Shunkichi Akimoto, well known Japanese writer of magazine articles and pamphlets has arrived in Shanghai for the purpose of collecting information dealing with the war.

T. K. Yung, accompanied by his family, departed for Hongkong last week on a British ship. Mr. Yung is one of the prominent sponsors of the "Shanghai Citizens' Federation."

Beginning Jan. 6 the Changsha Radio Station is broadcasting news reports in Japanese from 7.40 to 7.55 p.m. and in Korean every Monday and Thursday from 7.10 p.m. to 7.30 p.m.

The Nippon Yusen Kaisha this week decided to resume calls at the Whangpoo port by its Japan-Europe liners. The *m.v. Hakone Maru* is scheduled to reach Shanghai on Jan. 25 en route to Europe.

Frank W. Gapp, member of the editorial staff of *The Review*, was operated on for hernia at the Country Hospital on Tuesday of this week. He will remain at the hospital for about two weeks.

Properties of foreigners in Nanking were examined Jan. 10 by H. I. Prideaux-Brune, British Consul; Lieut.-Col. W. A. Lovat-Fraser, British Military Attache, and Dr. G. Rosen, German Consul, and their assistants.

Protection and material aid have been given by Japanese troops to the family of the late Liu Hsueh-hsu, Minister to Japan during the Russo-Japanese war of 1904-05, in Hangchow, the *Shanghai United News* reported Jan. 10.

Eight members of the Tokyo Chamber of Commerce and Industry arrived in Shanghai Jan. 6 to pay their respects to Japanese officials and encourage troops in action. On Jan. 13 they made an inspection tour of Nanking.

Dr. F. L. Hawks-Pott, President of St. John's University, returned to Shanghai this week from an extended trip to the United States. Dr. Pott was welcomed by a large crowd of faculty members and alumni at a reception at the University following his arrival.

By order of the National Health Administration, the Directorate of the National Quarantine Station at Woosung, Shanghai, has been removed to Hankow. The Isolation Hospital, attached to the Station at Woosung, was destroyed during the Sino-Japanese hostilities.

Assigned to carry out an important mission in North China, Masayuki Tani, Japanese Minister to Vienna, left Shanghai aboard the s.s. *Dairen Maru* Jan. 7. He will confer with Japanese authorities in North China on certain unrevealed matters relating to liaison affairs.

A. Bland Calder, assistant U. S. Commercial Attache, returned to Shanghai from Hongkong where he met Mrs. Calder and their son who had been in Manila for several weeks. While in the South Mr. and Mrs. Calder visited Canton and made an extensive motor trip about the city.

The U.S.S. *Augusta*, flagship of the U.S. Asiatic Fleet, sailed from Shanghai for Manila Jan. 6, to bring to an end one of the longest stays of any warship in this port. The *Augusta* will undergo a muchly-needed overhaul at Manila. The date of her return to Shanghai is uncertain.

Mr. and Mrs. J. W. Patrick of the National City Bank of New York have returned to China following a vacation in the United States and will be stationed in Shanghai in future. Mr. Patrick was formerly connected with the bank here but was transferred to Tientsin and later to Manila.

There is growing concern over the small-pox epidemic in Hongkong, where the situation had been aggravated by cold weather and the influx of about 250,000 Chinese refugees. Twenty-five bodies of small-pox victims were picked up off the streets in Hongkong in less than a month.

Enrollment in Japanese schools of Shanghai has shown a big increase since the start of the new year term on Jan. 6, according to the local Japanese newspaper. The total number of pupils of Japanese primary and middle schools was 467 on Jan. 6, while on the next day it had increased to 538.

Conveying the "sentiments of admiration and respect of the Japanese nation" towards the humanitarian task of the Rev. Father Jacquinot, chairman of the Nantao Refugee Zone Committee, a message of appreciation was sent to the French Catholic priest by Koki Hirota, Japanese Foreign Minister, last week.

Using premises formerly occupied by a Chinese school in a suburb of Shanghai, the Japanese Tung Wen College is to be reopened in April, according to Japanese reports. Prof. Chozo Ouchi, President of the College, is now in Shanghai to find a new site for the institution and to assess the extent of damage done to the College's old premises on Hungjao Road.

The Japanese authorities have decided to reopen the Japanese Club in Hongkew and also another postoffice, according to the *Shanghai United News*. New traffic regulations announced by the Japanese authorities for Hongkew provide that all trucks and automobiles, (military and foreign-owned ones alike) are prohibited from driving at a speed of more than 30 kilometers an hour.

Agnes Smedley, American woman magazine writer and authoress, who has been in the Northwest with the Eighth Route Army for several months, arrived in Hankow on Jan. 10 and plans to remain there for sometime receiving medical treatment. Her condition was aggravated by hardships experienced in conducting relief work among wounded soldiers on the Shansi front.

Vice-Admiral Sir Percy Noble, newly-appointed Commander-in-Chief of the China Station in succession to Admiral Sir Charles Little, sailed from Marseilles Jan. 7 in the P. & O. liner *Comorin* for Hongkong. Sir Percy Noble, who was Fourth Sea Lord and Chief of Supplies and Transport before his appointment to China, was to have assumed command in April, but owing to the illness of Sir Charles Little, he will now take over his new duties in February.

According to a letter published in the *Peiping and Tientsin Times* on Dec. 29 considerable excitement was created in Tientsin by the disappearance of a number of Russians. The report stated that the Russians were invited to visit a recently organized Far Eastern Russian House, but those who accepted the invitation had failed to return to their homes. It was alleged that the men had been placed under arrest and their whereabouts was unknown. The families had not reported the circumstances due to fear of retaliation.

Dr. Lin Yutang, who has been in the United States for several months, lecturing and writing, is departing shortly for Europe where he will spend considerable time in Paris and London. Dr. Lin's new book, "In the Importance of Living," (Reynal and Hitchcock, N. Y.) has aroused widespread discussion in the United States, according to reviews now appearing in leading magazines. Mrs. Lin, while in New York, was active in the work of the Chinese Women's Relief Association, which raised the sum of U.S.$30,000 which was remitted to Madame Chiang Kai-shek for relief work in China.

Two American children, daughters of Mr. and Mrs. A. C. Cornish of the Standard Vacuum Company and Mr. and Mrs. F. V. Reilly of Clair and Reilly, brokers, were slightly injured by the explosion of a handgrenade they found in the garden of F. J. Twogood, manager of the Standard-Vacuum Corporation. Two French detectives, H. de Henault and L. de Goff, who were examining the bomb were severely injured. The bomb was of the home-made cigarette tin variety. It was thought the bomb had been tossed in Mr. Twogood's yard by someone in order to avoid detection by the police.

When a Russian patrolmen belonging to the French Concession Police Force Jan. 9 protested to a Japanese sentry when the latter crossed the line into the Concession boundary to get hold of a Chinese woman who had committed a minor offence, an altercation ensued in the course of which both men drew their arms, and the Japanese mounted their machine guns. The incident was closed by superior officers arranging for the men involved shaking hands over the boundary. However, later statements by Japanese authorities indicated that they did not consider the boundaries absolute and could be crossed in case of emergency.

Louis T. Kenake, after 11½ years service in the office of the clerk of the United States Court for China, retired last week, at the age of 72 years. He was the oldest employee in the American consular service in Shanghai, both as regards his own age and as regards term of service. Mr. Kenake was born in Charleston, South Carolina, on June 12, 1866. At the age of 18 he proceeded to Hawaii, where he later, at the time of the revolution, became a captain in the Hawaiian army; when he retired from service there he was aide de camp to the Governor. Mr. Kenake began a long career in the U.S. postal service by joining the Hawaiian post office in 1893. He served for six years in the American Post Office in Shanghai until it was closed in 1923. Mr. Kenake then went into the American Consulate-General, where he served in a clerical capacity for two years, until he joined the United States Court for China as assistant clerk on July 1, 1925.

Morton Lawrence Baron, 24-years of age, self-styled newspaper correspondent, has begun his term of three years in the local municipal jail. He was sentenced on Dec. 28, following conviction in the First Special District Court on three counts of fraud and one of larceny. According to the evidence brought out at the trial, Baron arrived in Shanghai on Nov. 3 and was known under several aliases and finally turned up at the Chinese and Japanese press conferences as representative of *The Denver Post*. He also claimed he was an officer in the Canadian Flying Corps, U. S. Department of Justice and scion of the Du Pont family. Baron's complications resulted from his more or less miscellaneous love affairs with local maidens, from some of whom he borrowed considerable sums of money. He first claimed to be an American citizen but it was found he did not have a passport although he had resided in the United States for a considerable time. He displayed an intimate knowledge of the state of Colorado, acquired, according to a report, while serving a jail sentence in that state.

Japanese Censor All Cable Messages Out of Shanghai

Two Japanese censors entered the offices of the foreign cable companies in Avenue Edward VII, Shanghai, on Jan. 6 and all outgoing messages since that date are subject to censorship.

New Books of Interest in the Far East

Japan's Western Ally

Hitler's Drive to the East. By F. Elwyn Jones (with a map by J. F. Horrabin). 126 pp. Victor Gollancz, Ltd. London, 1937.

Mr. Elwyn's little book furnishes a most valuable outline of the work being undertaken by Japan's most powerful Western ally, Nazi Germany, to establish its hegemony over all central and southeastern Europe, from Austria and Czechoslovakia through to Greece, Rumania, and the Black Sea. Though it is less than a year since this book appeared, the developments described by Mr. Elwyn have since moved even further,—notably in Rumania. Readers of this study will be enabled to see the background and significance of the coup in Rumania last month, breaking the Little Entente right in the middle and establishing the power of the Nazis right on the border of Soviet Russia.

The book opens with a quotation from Hitler's "Mein Kampf": "We stop the eternal march to the south and west of Europe and turn our eyes towards the land in the east." It is this east—eastern Europe—which is Germany's main interest, and which is dealt with by Mr. Elwyn. The opening chapter deals with Nazi plans (their own clear statements), German-Italian relations, Austria, Hungary, and Nazi methods of propaganda. The next chapter deals with Czechoslovakia—most difficult for the Nazis to deal with, because it is a democratic country with an educated people and a sound economy, and the only hope of the Nazis is to isolate it diplomatically and at the same time link the Nazi German minority in the country with the most reactionary elements of other nationalities through the "anti-Communist" appeal. The third chapter, "Dr. Schact in the Balkans," is a very clear exposition of the manner in which the Germans have established their economic power in the backward southeastern states, by the shrewd schemes of increasing their "purchases" of food and other materials, "paying" for them with blocked marks which cannot be transferred from Germany, and finally inducing the impoverished creditors to take payment in munitions—sometimes accompanied by German military experts.

Subsequent chapters deal with individual countries. The one on Greece describes briefly the establishment of the Metaxas dictatorship there in 1936, and the Nazi influence in this. That on Rumania is of much importance, especially in connection with the present events in that country; it is in this pivot member of the Little Entente that Nazi influence is most powerful, and is now—evidently—triumphant. That on Bulgaria outlines conditions in that country—a Fascist military dictatorship, but not as yet dominated by German influences. That on Yugoslavia explains simply the complex conditions in that country, with a completely reactionary court and military ruling regime, but, owing to its own uncertain domination over various nationals within its quite artificial boundaries, very apprehensive of any change in the *status quo*. A final chapter, "Prospects for Peace," summarizes the situation as it stood a year ago. The writer, being an Englishman, emphasizes the British Government's share of responsibility for the present situation, and quotes Winston Churchill's verdict on "The National Government—decided only to be undecided, resolved only to be irresolute, adamant for drift, solid for fluidity, all-powerful but impotent." Mr. Jones states flatly: "There is no doubt that the successes gained by the 'Attila Diplomacy' of the Fascists of Berlin and Rome within the last three years have been due to the failure of the democratic Governments of Great Britain and France to enforce the policy of collective security . . . The peoples of Europe have looked to England for a lead—and failed to get it. They have been left to face Fascist aggression alone, and driven to compromise with the Fascist Powers."

The book deals but little with Spain, which lies outside its "sphere," but what it says is important. The author convincingly points out that "at the very outbreak of military rebellion in Spain, the National Government threw its weight on the side of the generals." He states that "France had accepted orders for arms from the Spanish Government, and, when those arms did not arrive, the Spanish Government was told that it was in consequence of an intervention by the British Ambassador in Paris. The hand of M. Blum was forced by Mr. Baldwin, and Spanish democracy was deprived of the arms which would have frustrated the Fascist attack in a few weeks."

There are brief appendices dealing with: German Re-armament; The Balkan Entente; Albania; The Effects of Clearing Agreements on International Trade; Nazi Plots in Africa; Nazi Prosecutions in 1936; and Radical Catholics in Nazi Germany. A final note includes reference to the pact between Germany and Japan, and the accompanying understanding with Italy. There is a good little map by J. F. Horrabin.

H. H.

PAINTS AND PAINT WORK

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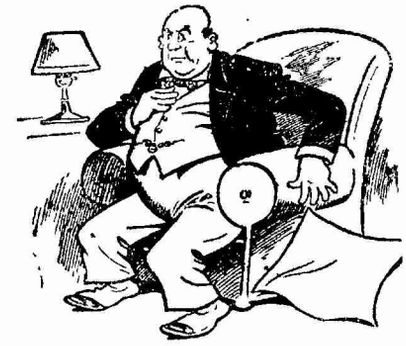

For That "Too Full" Feeling After Meals

If you are troubled with 'gas', eructation, flatulence, digestive difficulty, or are constipated, liverish, sick headachy; have a coated tongue, unpleasant breath; try Pinkettes, and you'll be delighted with the speedy help they give. Laxative perfection, mild yet unfailing in effect, Chemists everywhere sell

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THE GENTLE LITTLE LAXATIVE LIVER REGULATORS

83-277

Brief History of Philippine Literature

A Brief History of Philippine Literature, by Teofilo del Castillo. Published by Progressive School Books, Manila.

Mr. Castillo, when a student at the University of Chicago, was struck by the lack of attention paid to the literature of the Phillippines, so for the last 12 years he has been struggling to do something about it. The result is this very interesting and readable volume of a Brief History of Philippine Literature.

The director of the National Library says in the foreward: "Political unity and independence can become permanent realities only when based on the sure foundation of cultural unity and independence." For some years the leaders of the independence movement in the Philippines have ignored such truism, but have spent all their labor on political affairs. And even when patriotic Mr. Castillo started on his task he was unable to secure economic assistance, but has had to struggle through one obstacle after another in producing his distinct contribution to the cultural side of Philippine unity.

Although the volume is designed to be used as a textbook, it should secure many general readers of literature. Two points specially stand out: the inclusion of numerous photographs of Philippine poets and writers; and the innumerable examples of their literary products. Then too, the order of presentation is most acceptable. First comes an introduction of the problem to be attempted. Then comes a comprehensive narrative of pre-Spanish literature in the islands, followed by Filipino folk songs and vernacular poetry. The drama is presented in a most interesting manner, and the chapter on Filipino poetry in Spanish is perhaps the most excellently done in the entire volume. Filipino prose, and Filipino poetry in English, followed by three appendices, two in prose, one in verse, complete the book, which covers more than 460 pages.

The Philippines have had a turbulent and chaotic past, with the various waves of immigration, subjugation, savagery, beauty, and now, independence, which have struck. Mr. Castillo has gone back to the earliest traces he has been able to find for his material on pre-Spanish literature. And he has done admirably, considering the fact the Spanish friars tried to burn all literary creations they could lay their hands on.

Many of the folk songs show a cheerful acceptance of life, tinged with a spirit of fatalism, for "destiny wills it." Perhaps that is why the Filipinos have been so able to accept sorrow and pain, toil and trouble, with such fortitude.

Much of the prose writing has been taken up with stirring appeals to revolt against the oppressor, and in glorifying the deeds of rebels. From the synopses given, some of the Filipino prose writers compare favorably with many of the famous Western writers for freedom of their peoples.

An excellent quality of paper is used, and the cover is doubly reinforced in binding, all of which adds to the attractiveness of owning a copy of what surely must be a forerunner of future publications in English of Philippine Literature. Congratulations, Mr. del Castillo and Progressive Schoolbooks!

M. V.

China Faces Japan on the American Front

Arthur A. Young is the editor of an interesting pamphlet of some 80 pages which carries the title, "China Faces Japan." The pamphlet was published by the Chinese Students' Christian Association in North America, 347 Madison Avenue, New York City. Chapter I was written by Y. T. Wu and consists of a Chinese view of the war. Chapter II includes two articles, "Japan's Continental Policy," by Frank W. Price and "Economic Clues to Sino-Japanese Conflict," by Harry B. Price. Also there is an article on the economic boycott of Japan by Freda Utley, well known for her writings on economic and financial conditions in Japan. Other chapters deal with Cultural Stakes, International Phases, American Policy and Miscellany. Copies of the pamphlet may be obtained from the publishers.

Dollar Line to Get Subsidy of U. S. $8,000 Daily for Six Months

It was announced in Washington Dec. 7 that the differences which existed between the Dollar Lines and the Federal Maritime Commission had been composed and the shipping company was again eligible for a temporary operating subsidy. The Foreign Trade Routes Committee of the Chamber of Commerce announced that the Government had granted the Dollar Line an operating differential of $8,000 daily for six months "to get its house in order."

Joseph B. Kennedy, Chairman of the Maritime Commission, said that the Maritime Commission was "committed to make every effort to maintain the principle of private ownership, but when it appears localities and shippers are suffering, and when there is no other alternative, the Government will step in." The Government considers the Dollar Line routes among the most essential trade routes under American ownership," he said. "If there isn't some way of salvaging them as a private line, the Government must step in and protect shipping and shippers."

83-278

Guard Against Colds By Building Up Your Resisting Power.

If you are subject to colds look to the condition of your blood, for the fact that you are constantly catching cold is a sign that the blood is in poor condition.

In order to improve your blood eat only simple wholesome food and take a course of Dr. Williams' Pink Pills, for these pills build up the blood, strengthen the nerves and tone up the whole system.

The prescription of an eminent physician, Dr. Williams' Pink Pills are famous the world over because of their health restorative value to both sexes.

If you are run down, lack appetite, suffer from insomnia, nerve weakness, back pains, rheumatism, sciatica, try a course of Dr. Williams' Pink Pills; they are one of the finest curative forces for disorders due to impoverished blood and nerve debility yet devised by medical science. Chemists everywhere can supply.

Dr. Williams' Pink Pills.

In the United States Court for China

JOHN RIPPEY MORRIS, Plaintiff,	Cause No. 4291
	Civil No. 2170
vs.	ORDER.
BERNICE THOMURE MORRIS,	Filed at Shanghai, China, this 12th day of January, 1938.
Defendant.	William T. Collins, Clerk.
.....	E. J. Collins, Dep. Clerk.

O R D E R

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS plaintiff herein, by his attorneys, has this 11th day of January, 1938, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 11th day of January, 1938, the summons for the defendant was returned by the Marshal of the United States Court for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 11th day of January, 1938, John Rippey Morris, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China nor has she been within the jurisdiction of this Court during the last six months previous to the 11th day of January, 1938.

NOW, THEREFORE, it is this 12th day of January, 1938 ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review" a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 29th day of January, 1938, the day of the last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.

MILTON J. HELMICK
Judge.
United States Court for China.